FIDELIDADE

SEGUROS DESDE 1808

Solvency and Financial Condition Report

2023

Translation of the original report in Portuguese

Contents

Summary

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SEGUROS DESDE 1808

The *Regime Jurídico de Acesso e Exercício da Atividade Seguradora e Resseguradora* [legal framework on the taking-up and pursuit of the business of insurance and reinsurance] approved by Law No. 147/2015, of 9 September, requires insurance undertakings to disclose publicly, on an annual basis, a report on their solvency and financial condition.

The qualitative information that insurance undertakings are required to disclose is set out in Chapter XII of Title I of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014.

The quantitative information[1] to be disclosed together with this report is laid down in Articles 4 and 5 of Commission Implementing Regulation (EU) No. 2015/2452, of 2 December 2015, repealed by Commission Implementing Regulation (EU) No. 2023/895, of 4 April 2023.

In line with the description contained in Article 292 of the Delegated Regulation, a "clear and concise" summary of the items detailed in this report will be presented below.

BUSINESS AND PERFORMANCE

The Fidelidade Group is present on four continents, and in 13 countries, and serves 9.1 million customers. Its geographical diversity and the strength of its brands make its business more solid, by giving it greater resilience to adverse contexts and by ensuring new opportunities for growth.

As a result of its ambition to go further and to fortify its presence in the international market, Fidelidade has been implementing a model of high proximity between local teams and central services, by taking advantage of best practices at a global level and valuing the local characteristics of its various operations.

The Group operates in the Portuguese insurance market through five companies: Fidelidade, Multicare, Fidelidade Assistência, Via Directa and Companhia Portuguesa de Resseguros.

In the international market it operates through its branches and subsidiaries in several countries, namely Angola, Cape Verde, Macao, Peru, Bolivia, Paraguay, Chile, Mozambique and Liechtenstein.

The Fidelidade Group also has subsidiaries and strategic shareholdings in companies that provide services that are complementary to insurance (e.g., the Luz Saúde Group, CETRA, EAPS, Fidelidade Property, Tenax, etc.), which fit within the strategy of guaranteeing operational excellence and service quality throughout the value chain, enabling the Fidelidade Group to position itself as a global service provider of people protection.

Separate performance

In individual terms, Fidelidade's total premiums in 2023 were 3,619.6 million euros, recording a decrease of 1.7% compared to the previous year, originating in the Life segment.

The Life business recorded premiums of 1,604.7 million euros, decreasing 14.7% compared to 2022, in line with the trend seen in the national market.

In the Non-Life segment, Fidelidade Individual grew 11.9% in 2023, reflecting the positive performance of all lines of business.

In 2023, Fidelidade recorded a separate net income of 83.6 million euros, an increase of 22.7% compared to the previous year, benefiting from the increase in revenue from insurance contracts and from increased investment income.

[1] Quantitative information on monetary amounts is presented in thousands of euros, and in some circumstances the tables and graphs may present totals which do not correspond precisely to the sum of the parts, due to rounding up or down of those parts.

Consolidated Performance

Despite a challenging context, in 2023 the Fidelidade Group achieved a consolidated volume of written premiums totalling 5,206.9 million euros, an increase of 1.7% compared to the previous year.

The combined ratio in 2023 was 93.8%, a decrease of -5.0 p.p. compared to the previous year, reflecting a lower claims rate in some Non-Life lines of business, namely in Workers' Compensation and Fire and Other Damage, and increased efficiency levels impacting the costs allocated to the various segments.

Income from insurance contracts grew to 261.6 million euros, an increase of 44% compared to 2022, as a result of the increase in revenue from insurance contracts and the fall in the combined ratio.

Fees from investment contracts totalled 143.7 million euros, an increase of 26% compared to 2022 in line with the strategy defined for Life Financial products.

Investment income totalled 217.7 million euros, similar to the level in the previous year as the effect of the increase in guaranteed rates for Life product customers, in line with interest rate trends, was offset by an increase in investment income.

Non-operating income and non-attributable costs fell to -344.8 million euros, which reflects the fact that the corresponding figure in 2022 was boosted by non-recurring events.

As a result of the above-mentioned developments, particularly income from insurance contract, the net profit increased by 2.6% compared to 2022, to 180.3 million euros.

SYSTEM OF GOVERNANCE

The Company has well-defined corporate governance and internal governance structures which are appropriate to its business strategy and operations. There is clear delegation of responsibilities, reporting lines and allocation of functions.

Key functions of risk management, internal audit, actuarial and compliance are defined as part of the risk management and internal control systems.

The Remuneration Policy applicable to Fidelidade's corporate bodies is based on principles which promote the Company's long-term sustainability, effective management and control of the risks it has assumed, and alignment with the Company's own interests and those of its shareholders, policyholders, insured persons, participants and beneficiaries.

The Company has processes to assess the fit and proper requirements of the people who effectively run the Company, supervise it, are its managers or perform key functions within it.

The Company has implemented processes and procedures for managing risk by type of risk – strategic risk, underwriting risk (product design and pricing; underwriting; reserving; claims management processes; reinsurance and alternative risk transfer), market risk, counterparty default risk, concentration risk, liquidity risk and reputational risk.

Operational risk management and internal control processes are implemented to ensure that operations are managed and controlled in a sound and prudent manner.

The Company's ORSA Policy aims to establish general principles for the own risk and solvency assessment. The ORSA plays a critical role in Company management, and the results obtained from it are taken into consideration in the Company's Risk Management, in Capital Management and in Decision Making.

The rules and principles that the Company's internal audit function must comply with are established in the Internal Audit Policy.

The internal audit function is performed with independence, impartiality and objectivity, and mechanisms have been set up to preserve these principles.

Due to the nature, complexity and scale of the Company's portfolios, the actuarial function is subdivided into life actuarial and non-life and health actuarial. These actuarial functions are independent in functional terms and report directly to the Company's Executive Committee.

The Company has an Assets and Liabilities Management Committee (ALCO). The main objectives of this Committee are to supervise the asset / liability situation, the investments portfolio and market risks.

There were no material changes in the Company's governance during the period covered by this report.

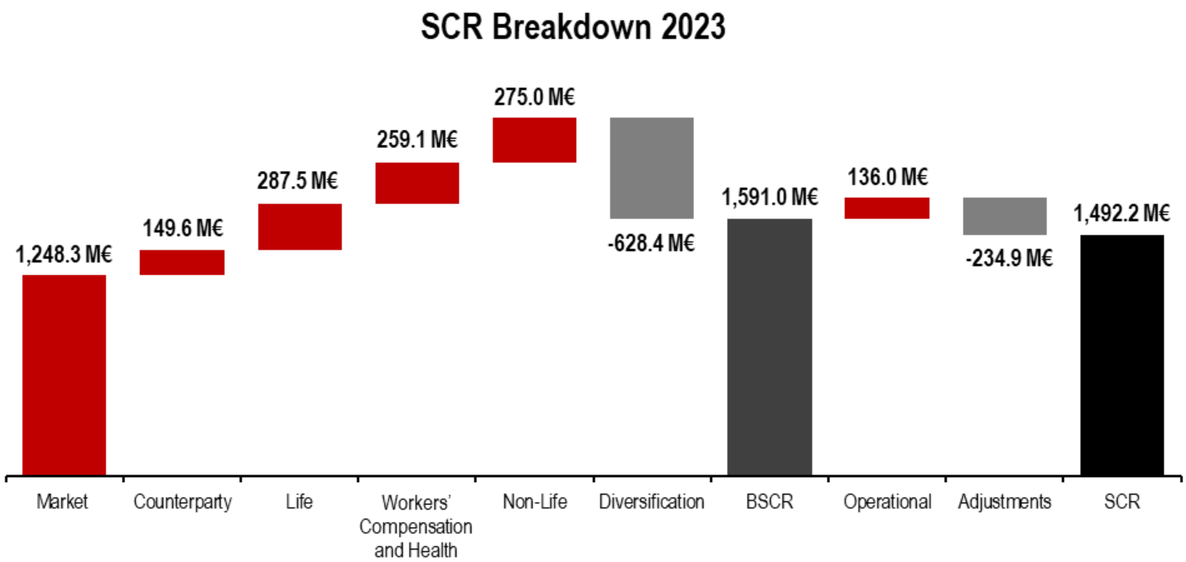
RISK PROFILE

Risk management assists the Company in identifying, assessing, managing and monitoring risks, in order to ensure that adequate and immediate measures are adopted in the event of material changes in the Company's risk profile.

Accordingly, to outline its risk profile, the Company identifies the various risks to which it is exposed and then assesses these.

The risk assessment is based on the standard formula used to calculate the solvency capital requirement. For other risks, not included in that formula, the Company has opted to use a qualitative analysis to classify the foreseeable impact on its capital needs.

Hence, the calculation of the Company's solvency capital requirement (SCR) as at 31 December 2023 was as follows:

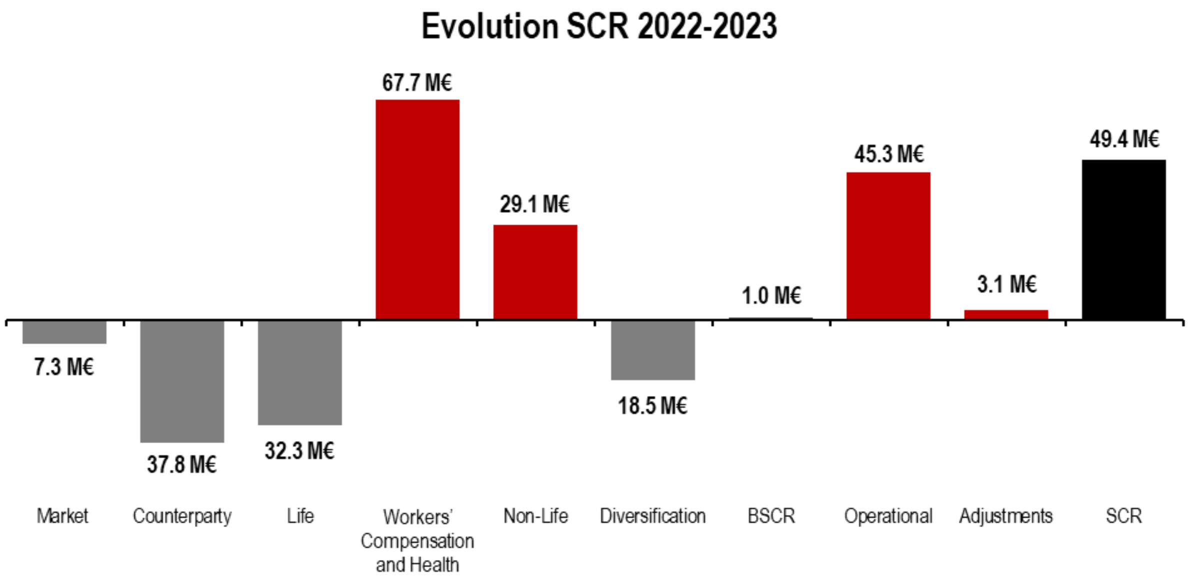


The market risk is clearly prominent in this requirement, followed by the Life, Non-Life and Health underwriting risks, which are much lower. The Counterparty Default risk and Operational risk are the lowest of the risk modules that make up the SCR.

Risks that do not fall within the standard formula are identified as part of the ORSA process. The Company recognises the following risks as potentially material risks: reputational risk, strategic risk, business (continuity) risk and legal risk.

The Company recognises adjustment for the loss-absorbing capacity of deferred taxes not only relating to the impact on deferred tax liabilities, but also the impact on deferred tax assets. In the case of recognition of adjustment relating to deferred tax assets, the Company tests the recoverability of these taking into account estimated future tax profits following the shock, in a limited time period.

During the period covered by this report, there was an increase in the solvency capital requirement (SCR) of around EUR 49.4 million, when compared with the figure at 31 December 2022.



This increase was largely due to the evolution of the health underwriting risk, basically resulting from the Company's activity and the catastrophe risk, due to the increase in the accidents concentration risk.

Also of note is the increase in the non-life underwriting risk which results from the Company's activity, with an increase in the volume of premiums and reserves of contracts in the motor and fire lines.

The decrease in the Counterparty Default risk and the Life underwriting risk can also be highlighted, basically the result of the decrease in expenses and in the lapse risk.

The decrease in the market risk is explained by the lower spread risk due to the decrease in exposure to bonds, the lower interest rate and property risks, and the increase in the concentration, equity and currency risks.

Finally, the increase in operational risk reflects the evolution of the Company's activity in the life business and the increase in unit-linked expenses.

VALUATION FOR SOLVENCY PURPOSES

A description is provided of the bases, methods and main assumptions used for the valuation of assets for solvency purposes, and how these compare with those used in the financial statements. This information is divided into financial assets, real estate assets and other assets.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference	Solvency II previous year
Financial assets	13,553,382	13,561,101	-7,719	13,513,555
Real estate assets	218,793	214,801	3,992	301,105
Other assets	1,013,665	935,932	77,733	1,069,014
Reinsurance recoverables	368,986	513,027	-144,041	315,968
Total	**15,154,826**	**15,224,861**	**-70,035**	**15,199,642**

The main differences, by class of asset, are:

Holdings in related undertakings, including participations

This results from the valuation, for solvency purposes, of unlisted subsidiaries using the Adjusted Equity Method (AEM). The total net value of these holdings for solvency purposes increased by 56,321 thousand euros.

The total difference includes (among less relevant others) the impacts of the valuation of Luz Saúde S.A. by the Adjusted Equity Method (the value of this participation, for solvency purposes, fell by 296,904 thousand euros), of Fidelidade Property Europe (increase of 212,590 thousand euros in the valuation for solvency purposes), of Multicare (increase of 53,653 thousand euros in the valuation for solvency purposes) and of Fidelidade Assistência (the value of this participation, for solvency purposes, fell by 26,019 thousand euros).

Equities – unlisted

This results from the valuation, for solvency purposes, of unlisted securities using the Adjusted Equity Method (AEM).

Government bonds

The difference corresponds to potential gains from the portfolio of financial assets valued at amortised cost recognised in Solvency II.

Collective investment undertakings

This results from funds valuation adjustments where the look-through approach was applied. In the statutory financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

Derivatives

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros S.A. (previously Seguradora Internacional de Moçambique, S.A,). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and “Financial liabilities other than debts owed to credit institutions”.

Deposits other than cash equivalents

Most of the Solvency II adjustment is due to the fact that as of the Q4 2022 report, assets relating to margin and collateral accounts were no longer included under the balance sheet heading “Deposits other than cash equivalents” due to a change in the classification. Following the ASF’s guidelines, this amount is now reflected under the heading “Any other assets, not elsewhere shown”.

Assets held for index-linked and unit-linked contracts

This results from the closing quoted prices at 31 December 2023 being obtained at different times. In the financial statements the valuation at 31 December 2023 was made some hours before the close of some financial markets which have an extended operation. For Solvency II it was possible to consider the final value after the close of all financial markets.

At the same time, the difference also results from adjustments to the valuation of the funds in unit-linked portfolios, where the look-through approach was applied. In the financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

Property, plant and equipment held for own use

In the financial statements the valuation at cost was considered, and hence the difference results from the fact that in Solvency II the fair value valuation is used, as required by the Supervisory Authorities.

Collective investment undertakings

This results from funds valuation adjustments where the look-through approach was applied. In the statutory financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

Deferred acquisition costs

The value of these assets for solvency purposes is zero.

Intangible assets

In order for these assets to have a value in the balance sheet for solvency purposes, they must be able to be sold separately and, moreover, it would be necessary to demonstrate that there is an active market in which similar intangible assets are traded. Given that the Company's assets considered in this class do not meet these requirements, their value for solvency purposes is zero.

Deferred tax assets

The difference results from the application of the tax rate to losses with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a negative impact on own funds.

Cash and cash equivalents

This results from the difference, when negative, between the balances of current accounts, which were considered in the valuation for Solvency purposes under the heading "Any other liabilities, not elsewhere shown" in other liabilities.

Any other assets, not elsewhere shown

As of the quarterly report relating to Q4 2022, assets relating to margin and collateral accounts were no longer included under the balance sheet heading "Deposits other than cash equivalents" due to a change in the classification. Following the ASF's guidelines, this amount is now reflected under the heading "Any other assets, not elsewhere shown".

Reinsurance and special purpose vehicles recoverables

The differences result from the method applied to calculate the best estimate, which uses assumptions that are not considered in the financial statements, such as:

- Discounting of estimated liabilities;
- Methodological differences when valuing liabilities for remaining coverage reflected in the financial statements and in the Solvency II premium provision.

The differences between the amounts for solvency purposes in 2022 and those in 2023 reflect the evolution of the Company's activity in the period covered by this report, as no changes were made to the bases, methods and main assumptions used for the valuation of the assets for solvency purposes.

A description is provided of the bases, methods and main assumptions used for the valuation of technical provisions for solvency purposes, and how these compare with those used in the financial statements. This information is segmented into Life, Non-Life, Health – SLT (Similar to Life Techniques) and Health – NSLT (Not Similar to Life Techniques).

The Company applied the transitional measure, set out in Article 25 of Law No. 147/2015, of 9 September, on technical provisions for similar to life obligations regarding the homogeneous risk groups "Capital redemption products", with and without profit-sharing, and "Health – SLT", relating to obligations with workers' compensation contracts.

Amounts in thousand euros

Line of Business	Solvency II	Financial statements	Difference	Solvency II previous year
Life	8,427,319	8,988,337	**-561,018**	**8,907,249**
Non-Life	927,210	1,067,377	**-140,167**	**850,280**
Health – SLT	1,012,036	1,095,634	**-83,598**	**897,493**
Health – NSLT	249,257	275,953	**-26,696**	**235,483**
Total	**10,615,822**	**11,427,301**	**-811,479**	**10,890,505**

Life

For risk products the differences are basically justified by the different contract boundaries used for the technical provisions in the financial statements for a series of temporary annual renewable (TAR) group life insurance contracts, as described in D.5.1. This change to the contract boundaries has a positive impact on the Company's solvency capital requirement coverage ratio of around 6.4 p.p.

For annuities products, the differences are essentially the result of applying the risk-free interest rate term structure.

The differences in the index-linked and unit-linked class arise from the current value of the difference between the estimated technical management costs and the future management costs.

For capital redemption products, with and without profit participation, the differences result, on the one hand, from the application of the transitional measure on technical provisions and, on the other, from the difference between the rates guaranteed to customers and the rates contained in the reference interest rates curve (see point D.2.6).

Non-Life

The main differences identified between the amounts in the financial statements and the Solvency II technical provisions are the result of:

- The application of different discounting structures;
- Methodological differences when valuing liabilities for remaining coverage reflected in the financial statements and in the Solvency II premium provision;
- Methodological differences when valuing the margin for non-financial risks in Solvency II (Risk Margin, in line with the standard formula) and in the financial statements (Risk adjustment, in line with IFRS 17).

Health-SLT

Considering the adjustment of the transitional measure on technical provisions, the impact of revaluing the provisions results fundamentally from the evolution of the interest rates term structures referred to in point D.2.6.

Health-NSLT

The main differences identified between the amounts in the financial statements and the Solvency II technical provisions are the result of:

- The application of different discounting structures;
- Methodological differences when valuing liabilities for remaining coverage reflected in the financial statements and in the Solvency II premium provision;
- Methodological differences when valuing the margin for non-financial risks in Solvency II (Risk Margin, in line with the standard formula) and in the financial statements (Risk adjustment, in line with IFRS 17).

The differences between the amounts for solvency purposes in 2022 and those in 2023 reflect the evolution of the Company's activity in the period covered by this report, as no changes were made to the bases, methods and main assumptions used for the valuation of the technical provisions for solvency purposes.

Pursuant to Article 25 of Law No. 147/2015, of 9 September, the Company applied the transitional deduction to technical provisions on the first day of 2023. The table below shows the amount of that deduction at 31 December 2023.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Transitional Deduction			
		Recalculation 1/1/2019	Annual decrease	Accumulated decrease to 31/12/2023 (4 years)	Amount at 31/12/2023
29 and 33	Life insurance obligations - Health – SLT	256,882	-19,760	-79,041	**177.841**
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	137,145	-10,550	-42,198	**94.947**
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	192,764	-14,828	-59,312	**133.452**
Total		**586.791**	**-45,138**	**-180,551**	**406,240**

A comparison is also provided between the valuation of other liabilities for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Liabilities	Solvency II	Financial statements	Difference	Solvency II previous year
Contingent liabilities	0	0	0	0
Provisions other than technical provisions	29,692	29,692	0	35,452
Pension benefit obligations	7,347	7,347	0	6,053
Deposits from reinsurers	186,679	186,679	0	149,623
Deferred tax liabilities	395,981	133,139	262,842	420,404
Derivatives	309,436	310,222	-786	167,770
Debts owed to credit institutions	0	0	0	0
Financial liabilities other than debts owed to credit institutions	55,675	44,192	11,483	34,854
Insurance and intermediaries payables	96,805	96,805	0	103,968
Reinsurance payables	94,414	94,414	0	91,905
Payables (trade, not insurance)	62,878	62,878	0	64,467
Subordinated liabilities	482,667	503,325	-20,658	462,590
Any other liabilities, not elsewhere shown	161,258	131,582	29,676	189,936
Total	**1,882,832**	**1,600,275**	**282,557**	**1,727,022**

The differences, by class of liability, are:

Deferred tax liabilities

The difference results from the application of the tax rate to gains with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a positive impact on own funds.

Derivatives

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and "Financial liabilities other than debts owed to credit institutions".

Financial liabilities other than debts owed to credit institutions

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and "Derivatives".

Subordinated liabilities

The difference is due to the fact that in Solvency II subordinated liabilities are valued at fair value, while in the financial statements they are initially recognised at fair value (less directly related transaction costs) and subsequently measured at amortised cost.

Any other liabilities, not elsewhere shown

This results from the difference, when negative, between the balances of current accounts related with futures contracts and the components relating either to the valuation of unmatured contracts (recorded under the heading "Derivatives") or to the initial margin (collateral), which were considered in the financial statements valuation under the heading "Any other assets, not elsewhere shown", and "Sight deposits" with negative balances which were considered in the financial statements valuation under the heading "Cash and cash equivalents".

The differences between the amounts for solvency purposes in 2022 and those in 2023 reflect the evolution of the Company's activity in the period covered by this report, as no changes were made to the bases, methods and main assumptions used for the valuation of other liabilities for solvency purposes.

CAPITAL MANAGEMENT

The table below presents a comparison of the own funds as set out in the Company's financial statements and the excess of assets over liabilities calculated for solvency purposes.

Amounts in thousand euros

	Solvency II	Financial statements	Difference	Solvency II previous year
Assets	15,154,826	15,224,861	-70,035	15,199,642
Technical Provisions	10,615,822	11,427,301	-811,479	10,890,505
Other liabilities	1,882,832	1,600,275	282,557	1,727,022
Excess of assets over liabilities	**2,656,172**	**2,197,285**	**458,887**	**2,582,115**

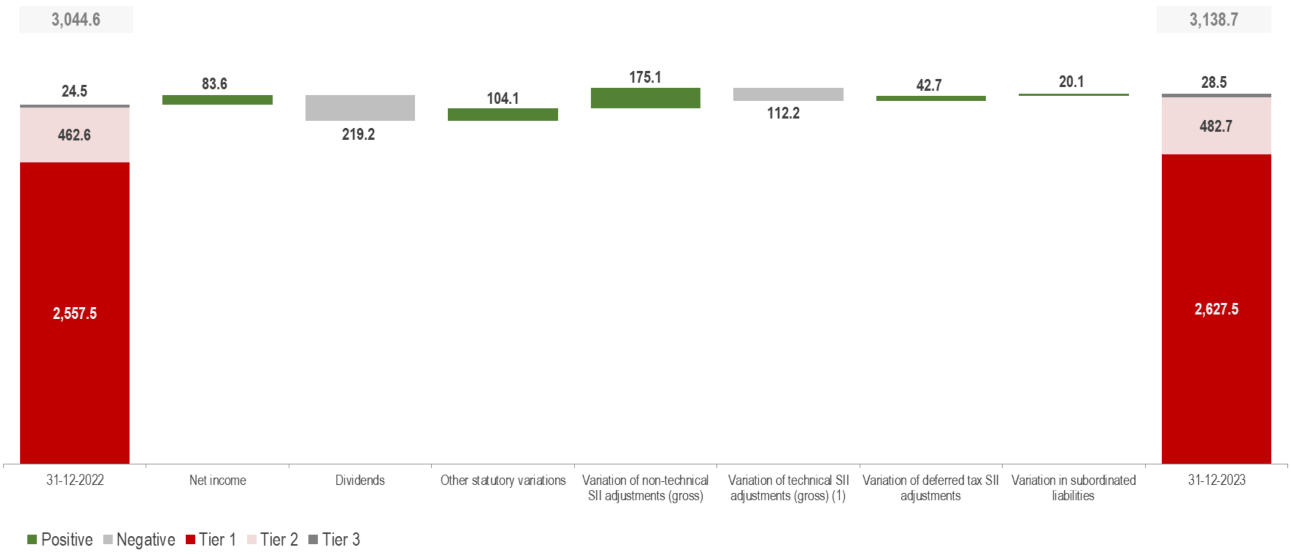
Regarding the structure, amount and tiering of basic own funds, the Company has Tier 3 ancillary own funds of EUR 28.5 million, while the majority of the basic own funds are classified as Tier 1, although there are also Tier 2 basic own funds relating to subordinated liabilities.

The table below shows the amounts of own funds available and eligible to meet the solvency capital requirement (SCR) and the minimum capital requirement (MCR), classified by tier, relating to 31 December 2023 and 31 December 2022.

Amounts in thousand euros

	Available own funds to meet				Eligible own funds to meet			
	SCR	SCR previous year	MCR	MCR previous year	SCR	SCR previous year	MCR	MCR previous year
Tier 1	2,627,506	2,557,467	2,627,506	2,557,467	2,627,506	2,557,467	2,627,506	2,557,467
Tier 2	482,667	462,590	482,667	462,590	482,667	462,590	78,117	77,952
Tier 3	28,517	24,499	0	0	28,517	24,499	0	0
Total	3,138,690	3,044,556	3,110,173	3,020,057	3,138,690	3,044,556	2,705,623	2,635,419

The graph below shows the main changes to the Company's available own funds during the period covered by this report.



(1) Includes the reduction of the Transitional Measure on Technical Provisions of 45,1 million euros.

When calculating the Solvency Capital Requirement (SCR), the Company uses the standard formula and does not apply any internal model.

Calculation of capital requirements of the currency risk sub-module includes the effect of hedging of exchange rate exposure of assets held in portfolio denominated in American dollars (USD), Hong Kong dollars (HKD) and Pounds sterling (GBP), via the use of futures and foreign exchange forwards and swaps, and of assets denominated in Yen (JPY) and Swiss Francs (CHF), via the use of foreign exchange forwards.

The counterparty default risk module also takes into account exposure to counterparties with which the above-mentioned hedging is performed.

When calculating the Solvency Capital Requirement (SCR), the Company uses the standard formula set out in Articles 119 to 129 of the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance, approved by Law No. 147/2015, of 9 September, and does not use simplified calculations or undertaking-specific parameters.

The minimum capital requirement was calculated in line with that set out in Article 147 of the above Framework.

The solvency capital requirement (SCR) and the minimum capital requirement (MCR), and the respective coverage ratios, relating to 31 December 2023 and 31 December 2022 were as follows.

Amounts in thousand euros

	Capital Requirements	Capital Requirements previous year	Coverage Ratio	Coverage Ratio previous year
SCR	1,492,206	1,442,830	210.34%	211.01%
MCR	390,588	389,758	692.71%	676.17%

The SCR coverage ratio fell because the increase in own funds available to meet the SCR was proportionally lower than the increase in the capital requirements.

Lastly, it should be stressed that if the Company did not apply the transitional deduction to technical provisions, the solvency capital requirement (SCR) and the minimum capital requirement (MCR) would be 190.86% and 581.54%, respectively.

The Company continues to monitor the conflicts in Ukraine and in the Middle East, and will actively react to possible impacts on the solvency ratio.

A. Business and Performance

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No activities or other significant events with a material impact on the Company occurred during the period covered by this report.

Notwithstanding, comparisons with the information included in the 2022 report are presented throughout this chapter.

A.1. Business

A.1.1. Name and legal form of the Company

Fidelidade - Companhia de Seguros, S.A. ("Fidelidade" or "Company"), with its head office in Lisbon, Portugal, at Largo do Calhariz, 30, is a public limited liability company, resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. in Companhia de Seguros Fidelidade-Mundial, S.A., in accordance with the public deed dated 31 May 2012, which produced accounting effects with reference to 1 January 2012. The operation was authorised by the Portuguese insurance regulator ("Autoridade de Supervisão de Seguros e Fundos de Pensões" or "ASF") by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Company, through Longrun Portugal, SGPS, S.A., ("Longrun") became part of Fosun International Holdings Ltd.

The Company is engaged in the performance of the insurance and reinsurance business in all technical lines of business. Traditionally, the life technical line of business, including investment contracts, has been the most important in terms of technical liabilities under management. Of the non-life technical lines of business those with greater volumes of premiums are motor, fire and other damage, health and workers' compensation.

In order to carry out its activity, Fidelidade has a network of branches throughout the national territory, intermediary centres and customer agencies. Abroad, the Company is present in Spain, France, Luxembourg, and China.

A.1.2. Supervisory authority responsible for financial supervision of the Company

The *Autoridade de Supervisão de Seguros e Fundos de Pensões* (ASF, the Portuguese Insurance and Pension Funds Supervisory Authority), with its head office at Av. da República, 76, 1600-205 Lisbon, is the national authority responsible for the regulation and supervision of insurance, reinsurance, pension funds and respective management companies and insurance mediation companies, from both a prudential and a market conduct point of view.

For the purposes of supervision of Insurance Groups, the ASF is also the supervisor of the group to which the Company belongs.

A.1.3. The Company's Statutory Auditor

The Statutory Auditor, at 31 December 2022, is Ernst & Young Audit & Associados – SROC, S.A., represented by Ricardo Nuno Lopes Pinto, Statutory Auditor no. 1579 and registered with the Portuguese Securities Market Commission under license no. 20161189.

The Statutory Auditor was appointed on 15 May 2014 and reappointed on 30 May 2023 to perform its duties regarding the 2023 financial year.

In addition to the statutory audit and audit work, Ernst & Young Audit & Associados – SROC, S.A. provides the following services required by law, on a recurring basis:

- Certification of the Solvency and Financial Condition Annual Report within the scope of ASF Regulatory Standard no. 2/2017-R, of 24 March;
- Opinion on the regular assessment of the effectiveness of policies, procedures and controls on the prevention of money laundering and terrorist financing, pursuant to Article 35(2) of ASF Regulatory Standard no. 4/2023-R, of 11 July (in its current wording);
- Opinion on the Risk Management and Internal Control Systems, regarding the mechanisms and procedures specifically adopted as part of the policy for the prevention, detection and reporting of insurance fraud situations, pursuant to Article 36(4) of ASF Regulatory Standard no. 4/2022-R, of 26 April; and
- Opinion on the adequacy of the remuneration policy, pursuant to Article 90(4) of ASF Regulatory Standard no. 4/2022-R, of 26 April.

Besides the work mentioned above, Ernst & Young Audit & Associados – SROC, S.A. does not provide the Company, or the companies controlled by it, with any other type of services on a recurring basis.

However, when these other services are provided, this is in strict compliance with the procedures defined in law.

A.1.4. Holders of qualifying holdings

Fidelidade – Companhia de Seguros, S.A., is the company that heads the Fidelidade Group. It has two shareholders which, due to their size and complementary relationship, guarantee the stability and dynamism of the Group's operations.

FOSUN 复星

Fosun Group (through Longrun Portugal, SGPS, S.A.): 84.9892%

One of the largest Chinese private conglomerates with an international presence and listed (Fosun International Limited) on the Hong Kong stock exchange. It has interests in various sectors such as insurance, banking, pharmaceutical industry, and tourism.

Caixa Geral de Depósitos: 15%

Founded in 1876, this bank owned by the Portuguese State is currently one of the largest financial institutions in Portugal, with about 4 million customers.

Other shareholders:

Employees and former employees of Fidelidade - Companhia de Seguros, S.A.: 0.0026%

Own shares: 0.0082%

The governance structure plays a fundamental role in the strategic and operational management of the Fidelidade Group, and ensures, on the one hand, the necessary resilience in relation to the growing challenges of the sector and, on the other, sustained performance based on ethical values and internal compliance and risk management mechanisms that promote transparency and trust in relation to the Group's stakeholders.

The qualifying holdings in Fidelidade's share capital, at 31 December 2023, are set out in the table below:

Shareholder	Number of Shares	% Share Capital	% Voting Rights
Longrun Portugal, SGPS, S.A.	137,402,839	84.9892%	84.9892%
Caixa Geral de Depósitos, S.A.	24,250,644	15%	15%
Total	**161,653,483**	**99.9892%**	**99.9892%**

At 31 December 2023, the members of the management and supervisory bodies did not hold shares in the Company.

A.1.5. Position of the Company within the insurance group structure to which it belongs

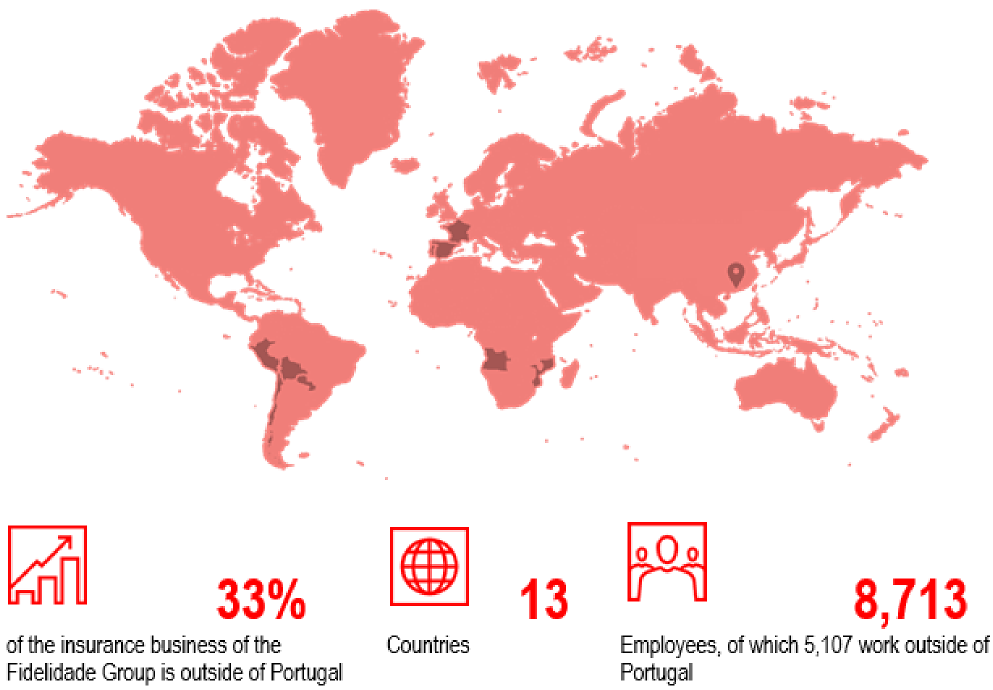
The Fidelidade Group is present on four continents, and in 13 countries, and serves 9.1 million customers. Its geographical diversity and the strength of its brands make its business more solid, by giving it greater resilience to adverse contexts and by ensuring new opportunities for growth.

As a result of its ambition to go further and to fortify its presence in the international market, Fidelidade has been implementing a model of high proximity between local teams and central services, by taking advantage of best practices at a global level and valuing the local characteristics of its various operations.

The Group operates in the Portuguese insurance market through five companies: Fidelidade, Multicare, Fidelidade Assistência, Via Directa and Companhia Portuguesa de Resseguros.

In the international market it operates through its branches and subsidiaries in several countries, namely Angola, Cape Verde, Macao, Peru, Bolivia, Paraguay, Chile, Mozambique and Liechtenstein.

In terms of the Insurance Areas:



The Fidelidade Group also has subsidiaries and strategic shareholdings in companies that provide services that are complementary to insurance (e.g., the Luz Saúde Group, CETRA, EAPS, Fidelidade Property, Tenax, etc.). These fit within the strategy of guaranteeing operational excellence and service quality throughout the value chain, enabling the Fidelidade Group to position itself as a global service provider of people protection.

The companies in the Fidelidade Group, their main areas of activity and the Group's percentage holding in each of them are presented below.

Europe

Fidelidade - Companhia de Seguros, S.A. is the company that heads the Fidelidade Group and is market leader in the Portuguese insurance market. It provides a wide range of Life and Non-Life products and, as previously mentioned, has operations in several geographies.

Via Directa – Companhia de Seguros S.A. is the insurance company designed to sell insurance policies through remote channels (telephone and internet), and operates through several brands, among them the ok! seguros brand. It is a pioneer in online sales of insurance in Portugal and leader in the direct insurers segment.	100%
Multicare – Seguros de Saúde, S.A. is the insurance company dedicated to health insurance, managing the market leader in that business line in Portugal, with over one million customers. It stands out for its pioneering spirit, focus on prevention and robust capital, as well as its network of about 5,000 private health providers, including the best healthcare facilities. It is the only health insurer with ISO 9001 Quality Management System certification since 2011.	100%
Fidelidade Assistência – Companhia de Seguros, S.A. is an insurance company specialised in assistance and legal protection insurance. Operating essentially as a reinsurer, it is the market leader in Portugal.	100%
Companhia Portuguesa de Resseguros, S.A. operates in reinsurance in the Non-Life segment, essentially underwriting risks under the Non-Proportional Treaties with Fidelidade.	100%
The Prosperity Company leads the TPC Group. Its head office is in Liechtenstein, and it provides savings solutions, based on unit-linked pension products, for individual customers of Liechtenstein Life Assurance AG (a life insurer). The group has other companies that operate other aspects of its value proposal, for both customers and intermediaries. Its activity is carried out mainly in Switzerland and Germany.	70%
Fidelidade - Property Europe, S.A. and Fidelidade - Property International, S.A. are responsible for managing the Fidelidade Group's real estate investments.	100%
Tenax Capital Limited is an asset management company, with its headquarters in London, specialising in the management of funds for insurers and banks, with a focus on building low-capital-intensive products in these financial institutions.	80%
Fidelidade – Sociedade Gestora de Organismos de Investimento Coletivo, S.A. was set up in 2018, with the aim of managing real estate investment funds in Southern European markets.	100%
Luz Saúde, S.A. is the head of the Luz Saúde Group and one of the leading private healthcare providers in Portugal. It manages 30 private hospitals and clinics, and one retirement home. In 2023, it had 1,126 beds and performed 2.3 million medical consultations, 421 thousand urgent consultations and 68 thousand surgeries and births.	99.9%
Safemode is the brand under which EAPS – Empresa de Análise, Prevenção e Segurança, S.A. develops and provides risk analysis and health and safety at work services, including occupational medicine, among others.	100%
GEP – Gestão de Peritagens, S.A. is the company responsible for providing loss adjusting expert reports and claims inquiries for the insurers in the Fidelidade Group, and is present in Portugal, Angola, Mozambique, and Cape Verde.	100%

CARES	Cares – Assistência e Reparações, S.A. is a company that specialises in repairs, maintenance, and assistance for property. It works in the insurance, retail and corporate markets, and is certified by ISO 9001 for Quality since 2013.	100%
CAR SERVICE	CETRA – Centro Técnico de Reparação Automóvel, S.A. is a company that provides car repair services. It operates under the Fidelidade Car Service brand.	100%
ANTAS CLÍNICA FISIÁTRICA	Clínica Fisiátrica das Antas, Unipessoal, Lda. is a physical medicine and rehabilitation unit in Porto, which has a specialised clinical and therapeutic team. Its mission is the comprehensive functional rehabilitation of users, by promoting functionality, the reduction of sequelae, the improvement of quality of life, and independent living at work in social life and day-to-day.	100%
FID I&D	FID R&D, S.A. provides consultancy and development services for new digital solutions and platforms, analytical models, new solutions based on Artificial Intelligence models and Machine Learning,	100%
VETERINÁRIOS SOBRE RODAS	Veterinários Sobre Rodas, Lda. provides medical and veterinary care at home, and has a clinic in Sintra, a washing and grooming van, an online shop, and a space for dogs, which provides daycare and training services.	88%

Asia-Pacific

FIDELIDADE MACAU	Fidelidade has been present in Macao since 1999, with a diverse offer of protection solutions for private clients and companies. It initially operated through local branches and subsequently through companies incorporated under local law: Fidelidade Macau – Companhia de Seguros, S.A. and Fidelidade Macau Vida - Companhia de Seguros, S.A. that sell Non-Life and Life insurance through an agents' network and Banco Nacional Ultramarino ("BNU"), with which they have a bancassurance agreement.	100%

Africa

FIDELIDADE ANGOLA	Fidelidade Angola - Companhia de Seguros, S.A., (formerly Universal Seguros, S.A.), was founded in 2011 and currently ranks third in the Angolan market. It trades in the Non-Life and Life segments, where it offers a diversified range of products, particularly its comprehensive offer in the corporate segment.	70%
GARANTIA SEGUROS	Garantia - Companhia de Seguros de Cabo Verde, S.A., is the primary insurer in the Cape Verde market, and trades in the Life and Non-Life insurance segments with a wide range of products, including health insurance, of which it is a pioneer in this market. These products are distributed by its branches, brokers and via banking channel strategic partnerships, i.e. Banco Comercial do Atlântico, which is also its shareholder.	55.9%
FIDELIDADE impar	Fidelidade Moçambique - Companhia de Seguros, S.A. (formerly Seguradora Internacional de Moçambique, S.A.), is one of the largest and most experienced insurance companies in Mozambique and offers a wide range of products in the Life and Non-Life segments. It ranks third in the Mozambican insurance market, and its presence throughout the country is ensured by a network of branches in the provincial capitals, under the Fidelidade Ímpar brand, and via exclusive access to the Millennium BIM network, which is one of the largest banks in Mozambique.	70%

Latin America

La Positiva Seguros / alianza	La Positiva Seguros y Reaseguros S.A., was founded in 1937, and leads the La Positiva Group, which has been one of the main players in the Peruvian insurance market for over 80 years. It currently ranks third in the market and has more than three million customers in the country. La Positiva's mission involves continuous improvement, risk management expertise, and a growing presence in the insurance market, in which it focuses on the development and launching of innovative products. This strategy is reinforced by collaboration with strategic partners and the effective use of distribution channels, which not only strengthen the company's market position, but also increase its standards of excellence and agility in customer service. In addition to its strong presence in Peru, Grupo La Positiva has expanded its operations to: • Bolivia via its holdings in the Alianza Compañía de Seguros y Reaseguros S.A. E.M.A. and Alianza Vida Seguros y Reaseguros, S.A. • Paraguay via its holding in Alianza Garantia Seguros y Reaseguros S.A.	93.9%[1]
FID	FID Chile Seguros Generales S.A. is an insurance company in the Non-Life segment that began operating in January 2020, after having obtained authorisation from the Chilean regulator in the final quarter of 2019. FID Chile has developed a range of Non-Life products aimed at individual and corporate customers, and distributes these through brokers and other non-traditional channels.	100%

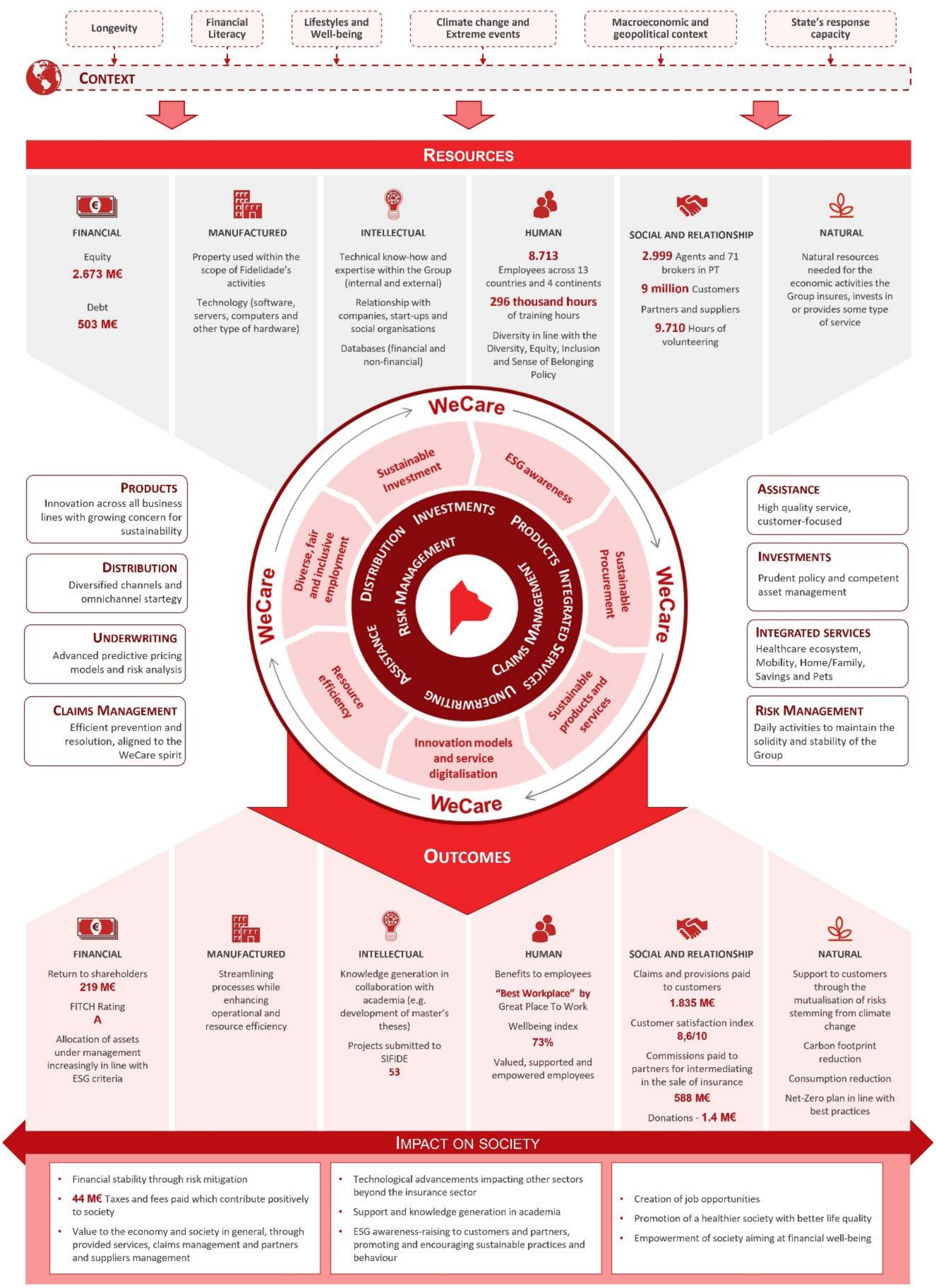
[1] Shareholding in La Positiva Seguros y Reaseguros S.A

A.1.6. Company Business

VALUE CREATION MODEL

The Fidelidade Group's Business Model emerges from its mission and values and is based on a long-term strategy and a robust and transparent governance model. Its primary objective is to create value for the Group's customers, employees, partners and shareholders, contributing to the construction of a sustainable society. The Fidelidade Group's activity, as embodied by the WeCare commitment, which extends throughout the Group's social dimension, seeks to exceed the expectations of its customers and partners, by focussing on its customers, and ensuring their protection and satisfaction.

The following model explains the Group's social impact, how it obtains its financial and non-financial results, the resources it allocates to achieve them, the influence of the context on the entire value creation model, and how the WeCare spirit is at the heart of everything the Group does.


Longevity
Financial Literacy
Lifestyles and Well-being
Climate change and Extreme events
Macroeconomic and geopolitical context
State's response capacity
CONTEXT
RESOURCES
FINANCIAL
Equity
2.673 M€
Debt
503 M€
MANUFACTURED
Property used within the scope of Fidelidade's activities
Technology (software, servers, computers and other type of hardware)
INTELLECTUAL
Technical know-how and expertise within the Group (internal and external)
Relationship with companies, start-ups and social organisations
Databases (financial and non-financial)
HUMAN
8.713
Employees across 13 countries and 4 continents
296 thousand hours of training hours
Diversity in line with the Diversity, Equity, Inclusion and Sense of Belonging Policy
SOCIAL AND RELATIONSHIP
2.999 Agents and 71 brokers in PT
9 million Customers
Partners and suppliers
9.710 Hours of volunteering
NATURAL
Natural resources needed for the economic activities the Group insures, invests in or provides some type of service
PRODUCTS
Innovation across all business lines with growing concern for sustainability
DISTRIBUTION
Diversified channels and omnichannel startegy
UNDERWRITING
Advanced predictive pricing models and risk analysis
CLAIMS MANAGEMENT
Efficient prevention and resolution, aligned to the WeCare spirit
WeCare
Sustainable Investment
ESG awareness
Sustainable Procurement
Sustainable products and services
Innovation models and service digitalisation
Resource efficiency
Diverse, fair and inclusive employment
INVESTMENTS
PRODUCTS
INTEGRATED SERVICES
CLAIMS MANAGEMENT
UNDERWRITING
ASSISTANCE
RISK MANAGEMENT
DISTRIBUTION
ASSISTANCE
High quality service, customer-focused
INVESTMENTS
Prudent policy and competent asset management
INTEGRATED SERVICES
Healthcare ecosystem, Mobility, Home/Family, Savings and Pets
RISK MANAGEMENT
Daily activities to maintain the solidity and stability of the Group
OUTCOMES
FINANCIAL
Return to shareholders
219 M€
FITCH Rating
A
Allocation of assets under management increasingly in line with ESG criteria
MANUFACTURED
Streamlining processes while enhancing operational and resource efficiency
INTELLECTUAL
Knowledge generation in collaboration with academia (e.g. development of master's theses)
Projects submitted to SIFIDE
53
HUMAN
Benefits to employees
"Best Workplace" by Great Place To Work
Wellbeing index
73%
Valued, supported and empowered employees
SOCIAL AND RELATIONSHIP
Claims and provisions paid to customers
1.835 M€
Customer satisfaction index
8,6/10
Commissions paid to partners for intermediating in the sale of insurance
588 M€
Donations - 1.4 M€
NATURAL
Support to customers through the mutualisation of risks stemming from climate change
Carbon footprint reduction
Consumption reduction
Net-Zero plan in line with best practices
IMPACT ON SOCIETY
Financial stability through risk mitigation
44 M€ Taxes and fees paid which contribute positively to society
Value to the economy and society in general, through provided services, claims management and partners and suppliers management
Technological advancements impacting other sectors beyond the insurance sector
Support and knowledge generation in academia
ESG awareness-raising to customers and partners, promoting and encouraging sustainable practices and behaviour
Creation of job opportunities
Promotion of a healthier society with better life quality
Empowerment of society aiming at financial well-being

BUSINESS SOLUTIONS

The Fidelidade Group's products and services are designed to create value for customers, ensuring their well-being and protection, as well as protecting their assets. Fidelidade has therefore sought to contribute actively and closely to reducing risks and creating innovative and sustainable solutions, based on boosting positive impacts at all stages of the customer's life.

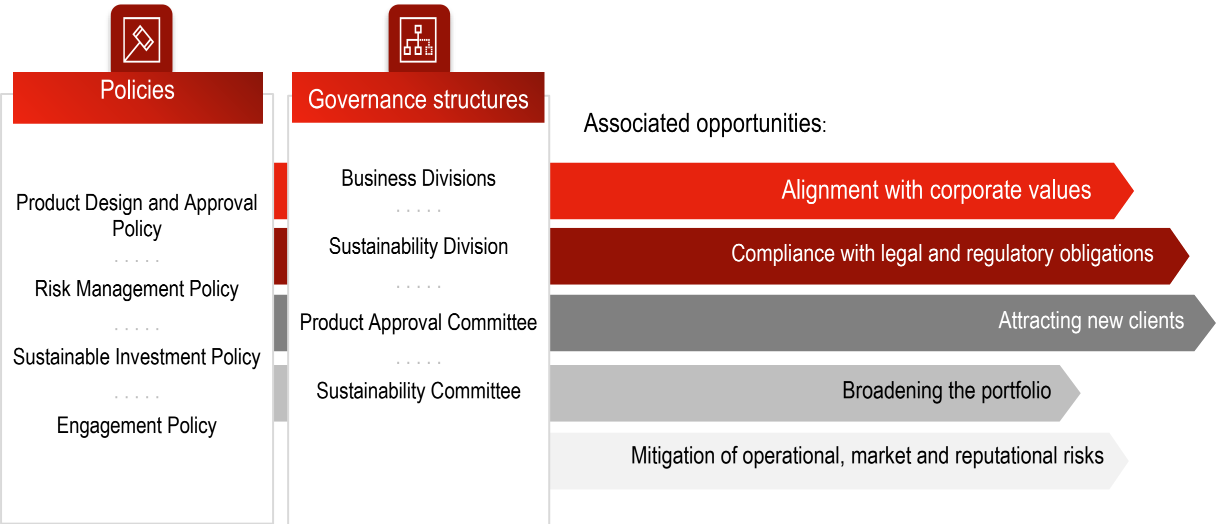
The Product Design and Approval Policy aims to ensure responsibility, quality and transparency in the design, communication, and sale of products. In addition to reinforcing the need to provide accurate, detailed, and complete information on products, this policy also includes the integration of a sustainable approach in the design and reformulation of the offer, consistently promoting the competitiveness of the Fidelidade Group in a fast-developing market segment.

Global trends, and the processes for managing customers' satisfaction, needs and expectations, have highlighted the exponential importance of ESG issues in the market, which are creating new businesses opportunities that must be exploited, or otherwise the Group will be affected by financial, regulatory and reputational damage with serious repercussions on its competitiveness.

To address this trend, Fidelidade has implemented a set of strategies, policies and processes based on specific governance structures aimed at ensuring the inclusion of ESG criteria in the design and approval of products, in a structured and transparent manner, making the most of the associated opportunities and mitigating potential damage.

Fidelidade also relies on the involvement of the Sustainability Department during the different phases of the product life cycle and has started to measure impact during the development phase. There is also a training plan, which includes subjects such as responsible supply and marketing, aimed at key players in the product life cycle, including product managers.

Guidelines for product design



The integration of the sustainable approach in the design and reformulation of the offer has resulted in a set of products and/or coverages in different segments.

The growing and accelerated aging of the population is a reality. Aware of global trends, and particularly the challenges faced by today's society, the Fidelidade Group has applied great focus to the issue of longevity. In this context, Fidelidade invests in products that play an important role in enhancing the value of each customer, in dignifying life and in the quality of current and future projects and ambitions.

PERSONAL ACCIDENTS 65+

At the end of 2023, the Fidelidade Group launched a Personal Accident product aimed at people aged 65 and over. In the event of an accident resulting in bodily injury (fractures, burns, dislocations or other injuries), this product guarantees the payment of a pre-established capital (according to an injury and compensation table). It also offers a range of medical and domestic assistance services to support the insured senior during the recovery period.

Also, within the Personal Accident offer, the Fidelidade Group invested in activating and monitoring the AP1 Mobility Personal Accident offer for customers who use soft mobility.

MULTICARE VITALITY

In 2023, the dynamism of the Multicare Vitality programme was reinforced by the launch of its 2.0 version - Weekly Lifestyle Goals - which included a media campaign offering FidCoins to new Multicare customers, improved communication with customers and the 3rd Multicare Vitality Race, among other initiatives.

For example, Multicare has a range of health options for all ages and seeks to make an active contribution to changing the way people behave. Its focus is on the prevention of physical and mental illnesses, via programmes that promote and reward healthy lifestyle habits, such as Multicare Vitality, as well as events, awareness-raising activities and regular check-ups that permit early diagnosis. Multicare Vitality is focused on being a partner that accompanies customers through their different life stages.

Mental health is a priority for Multicare. Multicare Vitality is a pioneer in the launch of comprehensive mental health cover, which includes psychiatric hospitalisation, outpatient care and online medicine services, the latter at no additional cost to customers. In 2023, Multicare continued to value the intervention of specialist psychologists and the co-payment of digital solutions that play an important role in stress and anxiety management and cognitive development. Throughout this journey, Multicare has worked closely with the Portuguese Psychologists Association (OPP) to promote awareness among the Portuguese population regarding these matters.

GARANTIA SEGUROS

In Cape Verde, Garantia Seguros is repositioning its "Proteção Garantida" life insurance as an inclusive micro-insurance, which is primarily taken out by female heads of household.

Auto

The Fidelidade Group has a diversified claims payments model, which differentiates it in the market, and which, in keeping with the WeCare spirit, permits the payment of claims as an annuity, or as a mixture of capital and annuity. This means that victims and their families have greater control over the amounts to be received, in order to ensure that the capital is not dissipated, and that the victim is not deprived of the income that will allow them to continue the treatment and assistance plan agreed with the insurance company.

In addition, the Auto offer includes a set of specific coverages for electric and hybrid vehicles. As this is an offer with growing demand, the Group intends to strengthen the products and coverages offered in 2024.

~75,000 electric and hybrid vehicles were insured

+ 40M€ in annualised premiums

In the AutoEstima offer, which allows the insurer to choose the repairer, the vehicle is predominantly repaired with eco-friendly or aftermarket parts of equivalent quality to original parts.

~ 60,000 insured vehicles

Similarly, Fidelidade wants to be closer to families in terms of Multi-risk Home insurance. To achieve this goal, Fidelidade has focused on innovating and adapting its products. In 2023, that long journey culminated in the launch of products aligned with the specific protection needs of each customer.

Multi-risks

The Multi-risk segment (companies and home insurance) currently allows micro-generation systems to be insured.

3,983 Customers with micro-generation system coverage

Multi-risk Home insurance is based on a diverse range of new coverages, which cover both landlords and tenants.

Coverages for landlords:

- Legal protection (regarding the lease agreement);
- Property damage caused by the tenant;
- Non-payment of rent due to involuntary loss of income.

Coverages for tenants:

- Non-payment of rent due to involuntary loss of income.

ok! casa

NEW OK! CASA INSURANCE

Via Directa has launched the new Ok! casa insurance, which follows the values of simplicity, proximity and freedom of choice. This is a simple, modular and customisable Multi-risk Home insurance that allows each customer to take out only the coverage they really need.

FIDELIDADE MYPETS

This app was developed by veterinarians to help Fidelidade customers look after their pets.

Its features include recording the animals' health history and managing their diet and weight, and easy access to veterinary clinics. The app also incorporates a rewards programme – Pet-a-Pontos.

Recognising pets as members of the family is a trend in more-advanced societies. Concerns about their health, nutrition and well-being are growing, which is reflected in a greater willingness to invest in products and services intended for them. This backdrop led, four years ago, to the launch of Fidelidade Pets, an innovative, digital pet health insurance, which is positioned as an ecosystem that offers a solid plan for both accidents and illnesses, adapted to the situation of each animal. Fidelidade Pets stands out for its commitment to preventive healthcare, free choice of vet, and digitalisation. It also includes a range of services in a number of areas that are complementary to protection.

Fidelidade also offers the Telepet coverage, which includes telephone advice from a veterinary nurse on issues related to the well-being and improvement of the quality of life of pets (behavioural, nutrition, among others) and veterinary telemedicine consultations.

FIDELIDADE BRANCH IN SPAIN

In 2023, Fidelidade Pets was launched in Spain, consisting of a digital pet insurance solution with plans that cover accidents and illness.

PROTEÇÃO VITAL EMPRESAS

In 2023, Fidelidade launched a new product within the Proteção Vital family - Proteção Vital Empresas (PVE) - aimed at SMEs. With no risk analysis and an automatic acceptance process, PVE provides greater protection for employees, both at work and away from work, and adapts to the specific needs of each company.

The main purpose of the Fidelidade Group's savings and investment products is to provide positive returns, meet liquidity needs and strengthen the capital position of its customers. It therefore offers a diversified range of products that can be adapted to different investor profiles, making it possible to save for different time horizons, i.e. the short, medium, and long terms, in order to fulfil specific objectives, or simply to ensure greater quality and well-being later in life.

The Fidelidade Group's primary products in this context are "Investimento Objetivo Seguro 2028", "Fidelidade Poupança Segura 5 anos 2ª Série", "PPR Garantido 52+", "Investimento Global 5 anos Julho 2023" and "Fidelidade Poupança Garantida 5 Anos".

In the business customer segment, the Fidelidade Group's product portfolio offers a wide range of covers, which include a broad spectrum of business players and structures, entrepreneurs, employees, equipment and damage to third parties, regardless of the size of the company in question. The versatility of the offer is also reflected in the many products dedicated to specific strategic sectors (for example: catering and food retail, specialised offices, beauty, freight transport, non-food retail and distribution, car dealerships and workshops, education and tourism).

APP MYSAVINGS

Digital offer of savings/investment, management and an appeal to financial literacy, which has been recognised as an important driver of small savings and has registered a 70% increase in the number of users.

345€ is the median amount invested per policy

+ 78 thousand customers

The Group's product offer is managed in each geography, with the specific socio-economic, demographic and climatic reality of each of them being taken into consideration. Fidelidade therefore ensures that its products are suited to the real risks and opportunities that arise from that reality.

LA POSITIVA

La Positiva is a leading agricultural insurance provider, and covers 1,493,062 hectares, which is about 80% of the total insured area in Peru.

Agricultural catastrophe insurance is a Peruvian government programme that covers small farmers against damage caused by climatic and natural events such as frost, drought, floods, and pests.

TYPHOON PROTECTION

In Macau, for the third year running, a campaign dedicated to the typhoon period - Typhoon Protection - was held. This campaign involves the offer of more attractive capital levels in HomeContents Protection insurance and Personal Accident Protection insurance.

Macau has always been plagued by typhoons. However, this phenomenon and its intensity have been getting worse. In the last 10 years there have been two of the biggest typhoons in terms of accidents and loss of human life since records began.

PREVENTION ACADEMY

The Prevention Academy is an integral part of the Fidelidade Group's prevention ecosystem and was conceived to contribute to a more sustainable society by promoting a culture of risk prevention among employees, partners and customers.

In this context, a number of training sessions are held regarding risk awareness and mitigation in the fields of employment, property and environmental insurance.

Fidelidade's responsibility regarding Financial Life products goes beyond the selection of its asset portfolio, and includes growing transparency and care in advising customers, in order to ensure that investment and/or savings are better suited to the customer's risk profile, and improved awareness in decision-making.

Customers' financial literacy

The Group is aware that Fidelidade's potential to create sustainable value goes beyond offering products and services, and has therefore sought, through a variety of actions and initiatives, to make its customers aware of the need to minimise risky social, environmental, economic and financial behaviour and to adopt practices that can have a positive impact.

The Group has also concluded, following an in-depth study of the reasons for the low savings rate among the Portuguese population, that a low level of financial literacy is one of the reasons for this phenomenon.

Fidelidade is aware that the correction of this weakness in society is a broader goal and has therefore established partnerships to enable it to expand its efforts to include financial education in school curriculums, to develop training programmes and workshops, to provide mentoring and financial support, and to develop online resources and mobile applications.

These initiatives are part of a common plan, with messages tailored to each target audience. This chapter deals with initiatives aimed at customers and the general public.

"Há uma Poupança Fidelidade para todas as idades" (There's a Fidelidade Savings Product for All Ages) Campaign

Fidelidade launched the "Há uma Poupança Fidelidade para todas as idades" campaign in 2023 to strengthen its positioning strategy in the area of savings and longevity. With this campaign, Fidelidade sought to promote financial literacy, in order to encourage aware saving and investment habits that will enable everyone to enjoy their longevity with greater autonomy and quality.

App MySavings

The MySavings app is a 100% mobile tool that offers the savings and investment solutions of Fidelidade Savings individual life insurance. The app includes an academy, which explains the main economic and financial concepts in simple terms. This helps customers to be more able to define savings objectives suited to the different stages of their life, and to make investments, and monitor and manage them in real time.

The vigorous growth of the platform, in terms of number of users and volume of assets under management, is an indicator of the relevance of the app to customers' interests and lives.

Microsite and blog Poupar e Investir (Save and Invest)

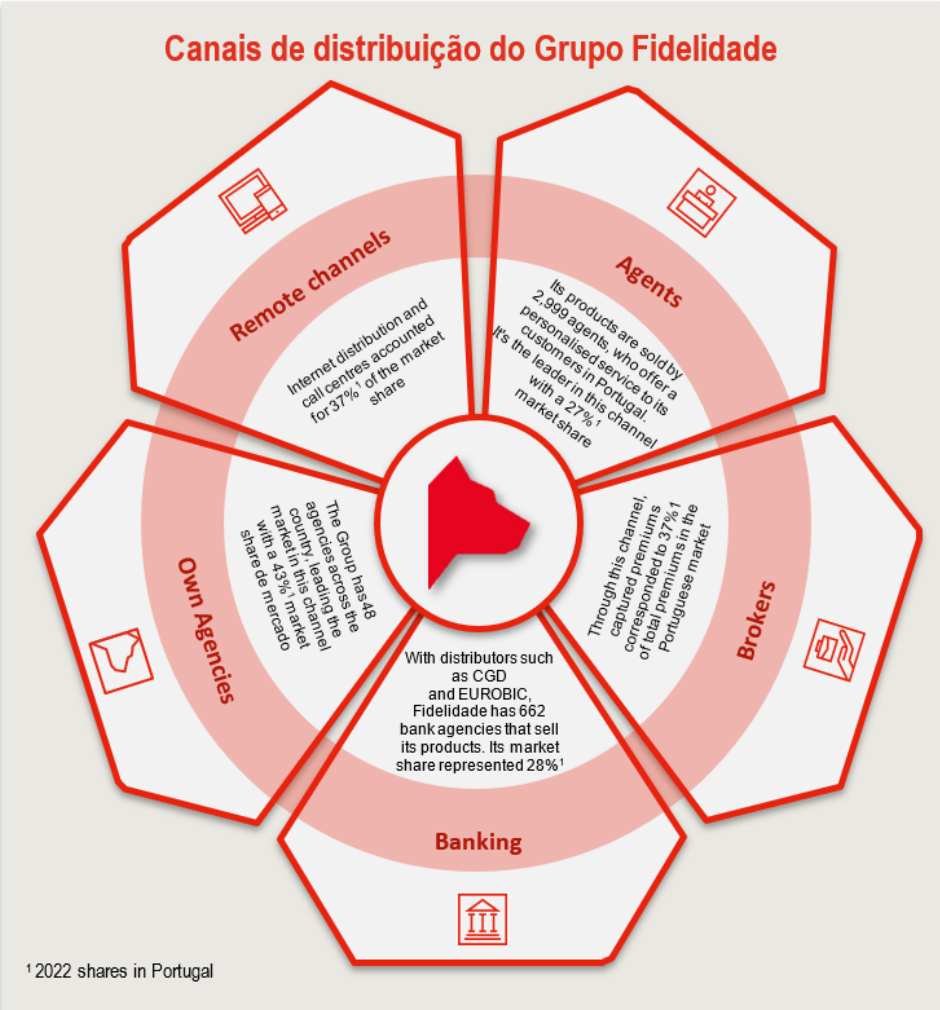
The "Poupar e Investir" (Save and Invest) microsite and blog were launched last year, and are targeted at customers and the general public. Their aim is to promote financial literacy and increase transparency and facilitate access to information about the Group's products.

OMNICHANNEL APPROACH

The Fidelidade Group keeps up to date and promotes innovative solutions that differentiate it in the market and optimise its processes to create value for the Group and its customers. The digital transformation that has taken place, via various investments, makes it possible to improve and develop new applications for customers, and to develop the resources and tools provided to the Group's agents. Digitisation and automation of internal processes throughout the value chain have streamlined many administrative tasks, which has given agents more time to invest in their greatest added value: the relationship with each customer.

An omnichannel approach is used to distribute the Group's products and services, which is characterised by cross-channel coordination and collaboration. In this way, Fidelidade endeavours to significantly improve its customers' experience by establishing closer and more efficient relationships with them.

Face-to-face channels have a greater focus on the advice-driven sale of complex products, on supporting customers throughout their lives, and on proactive contacts to activate references and/or points of interest via the use of propensity models, to boost cross-selling. Digital channels and the Contact Centre, on the other hand, are focused on convenience and speed of service, making it possible to provide a service that is close to customers, even though remotely.



"PERTO DE MIM" (NEAR ME)

Versatile and multifaceted spaces created by Fidelidade Angola to strengthen relations with health insurance policyholders. In these spaces, which can be easily relocated geographically, hybrid medical care is provided (in person or by teleconsultation) and the management of administrative processes is facilitated for customers who subscribe online. Sales teams located nearby are also supported at these spaces.

The first "Perto de Mim" opened at the end of 2023 in the Miramar area (Rua de Timor) in Luanda. There are currently two more spaces being implemented, which are scheduled to open in the first half of 2024.

In order to reach each person, to anticipate their needs and respond immediately, Fidelidade uses the wide range of resources offered by technological evolution and the growth of Artificial Intelligence.

Simplified Automated Risk Assessment: SARA Survey

For individual products, both in Multicare and Life Risk, the dynamic SARA clinical questionnaire, which is administered during the initial subscription process, is now completed and submitted via the MyFidelidade customer area. This questionnaire uses Artificial Intelligence and autonomously assesses the customer's risk for the profiles and products defined by the insurer. In this way, customers with a low clinical risk are automatically accepted.

Multicare has also implemented automated internal communication with medical providers for scheduling tests, which generates efficiency and improves the SLA (Service-Level Agreement).

Telemedicine

Investment in the telemedicine platform continues. In 2023 the focus was on developing the new website and creating a portfolio of services for women's health (both to be launched in early 2024). Multicare also offered the physical medicine and rehabilitation speciality and reinforced the marketing for the Online Family Doctor, the psychology consultation and the "Get in Shape" programme.

180,000 medical consultations carried out (+5% compared to 2022)

Speechbot

In 2023, major efforts were made to automate the car assistance process, in particular improving the effectiveness of the speech-bot and updating the settings of the Fidelidade Assistance app, to make it accessible from all mobile phones.

The Fidelidade Group accordingly intends to fully automate its car assistance, invoicing, and service provider payments, in order to optimise time and resources.

58.9% effectiveness of speechbot

55.6% of all processes opened via telephone (excluding the app) were executed via speechbot

40% of car assistance process openings were carried out through the app and speechbot

App AutoDigital

The Ok! Seguros AutoDigital app is widely recognised because of its technological innovation and the added value it brings to customers, as a service.

The most important features include digital inspection rather than inspection at a recommended garage, when taking out motor insurance with own damage cover.

The company has therefore invested in the continuous development of the AutoDigital app and its expansion to new geographies, such as Mozambique and Cape Verde.

74% of ok! seguros customers opt for digital inspection

Rebranding of Ok! Seguros

In 2023, the Ok! brand underwent rebranding, which was primarily to strengthen the brand's leadership in the direct insurance segment. It has adopted a simpler, more digital positioning, which is closer to its customers, with a new name and a new visual identity that honours its previous colour and has evolved into a more eclectic, modern, and digital version.

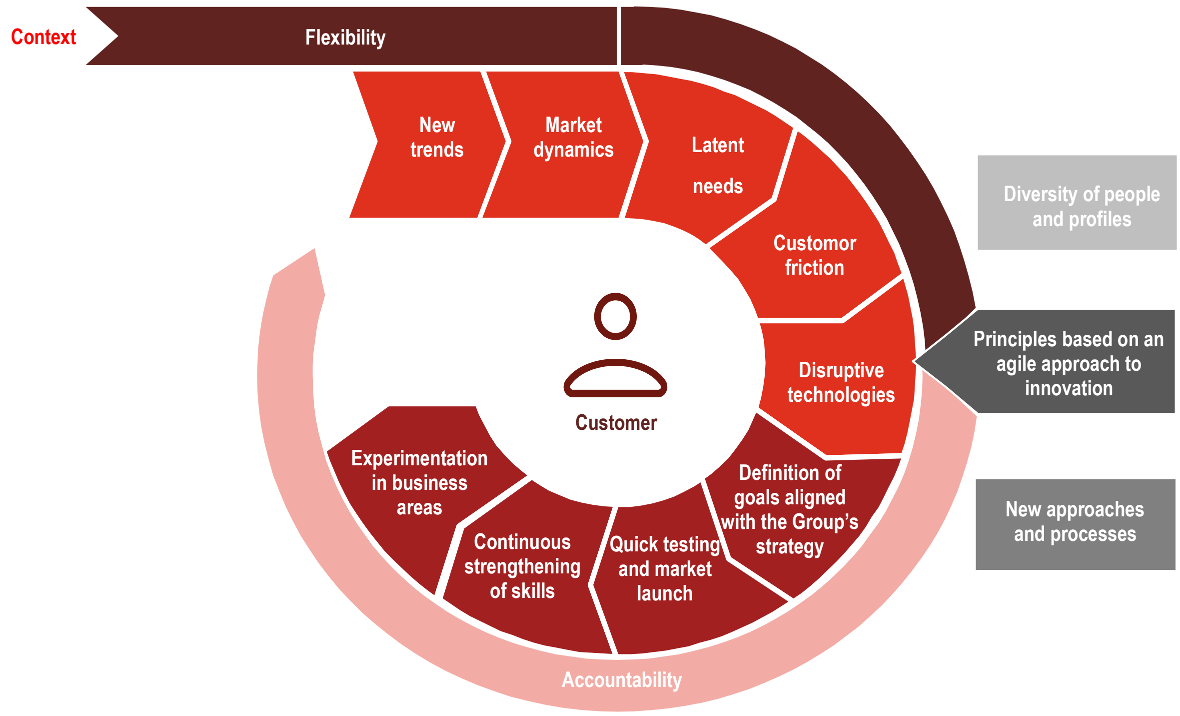
As a result of this process, the company's digital platforms have also been revamped. The new website focuses on the convenience of the best and closest self-service, in a simpler, more transparent, and immediate way, which responds immediately to customer queries and needs. The image and user experience of the Ok! Seguros app customer area and online simulators have also been renewed.

INNOVATION AND DIGITALISATION

Innovation plays a key role in the growth and resilience capability of organisations, enabling them to respond swiftly, transformationally, and sometimes disruptively to current market challenges This is an important competitiveness factor to which Fidelidade has given special relevance, increasingly investing in research and development of new value propositions, products and services and new ways of working, and addressing not only challenges, but also new market spaces. Innovation has also played a key role in improving internal processes, allowing for greater resource efficiency, reducing costs and increasing productivity.

For Fidelidade, innovation is synonymous with value creation. To this end, it supports its operational and business model on a digital structure made up of various platforms and business solutions, aligned with the best market practices and based on hybrid infrastructure models with continuous technological modernisation cycles, in order to guarantee constant efficiency and market relevance. The last few years have seen a growing commitment to combining automation and intelligence models, to optimise operational and business processes, with improvements in internal management and customer service across the different channels, which improves customer experience in accessing products, services, and requests.

Innovation model



Over the course of 2023, a number of actions were undertaken and/or augmented to implement and develop models and new value propositions, focused on improving the experience of customers and partners, by heavy leveraging of digitalisation in order to ensure the digital integration of the various channels with front, middle and back-office processes.

MyFidelidade – In 2023, Fidelidade invested in extending the customer area with access to insurance, digital documentation, and other features.

Fidelidade Branch in France

Work began on the development of the MyFidelidade app customer area, which will allow customers to see information relating to their contracts.

Fidelidade Ímpar

The MyFidelidadeMoz platform for insurance management and claims reporting was finalised.

Garantia

The MyGarantia app for companies was developed as part of the digital transformation strategy.

RADAR – Model for identifying and analysing innovative trends in six strategic areas (Health & Well-being, Mobility, Home, Finance & Wealth, Longevity and Insurance): 146 trends identified and over 1,000 enquiries.

Protechting – Open innovation and start-up acceleration programme aimed at encouraging entrepreneurs to work in the Insurtech and Healthtech sectors: 259 applications (a 70% increase compared to 2022).

XLab – Internal programme that promotes a culture of innovation and encourages change and entrepreneurial spirit: more than 100 applications, participation from 25 areas, several innovative ideas of which three are in the implementation phase.

Innovation in resources

For Fidelidade, investment in research and development, the promotion of an internal culture of creativity and the optimisation of existing solutions are key to achieving greater resource efficiency in the Group's various areas.

With this in mind and considering the growing complexity of technological resources and rising costs in the market, a division dedicated to contract management and FinOps was created. In line with the technical areas, this division focuses on the improvement of existing procedures for the requesting, approval, and control of resources in three main areas: communications, cloud and contracts managed by baselines.

Workstation virtualisation solutions have been introduced, which eliminate the need to provide additional devices to third parties (outsourcing) and intermediaries and allow the use of their existing equipment (BYOD). Energy efficiency in data centre management was one of the main criteria for the selection of the new Disaster Recovery Centre (DR), for which the candidate with a Power Usage Effectiveness (PUE) of 1.25, the most efficient in Portugal, was selected.

These measures have been integrated into a broader action plan that includes:

- Review of conditions and tariffs for fixed communications and SMS, as well as the discontinuation of value-added numbers, in alignment with the respective business areas;
- Review of technical and financial conditions in data communications contracts;
- Review of allocation policies and management of the life cycle of workplace equipment and accessories;
- Control of cloud consumption growth, aligned with real business needs, through a process of cost estimation, approval, and consumption monitoring.

While, on the one hand, aligning the opportunities identified with the business and people management needs poses some challenges, on the other hand, it allows processes to be worked on in such a way as to guarantee agility and productivity, via the addition of appropriate controls and monitoring.

Cloud

In 2023, the development of a cloud technology adoption strategy began with very positive impacts, such as the simplification of technological architectures, the availability of computing resources, the automation and acceleration of processes, and the ability to develop and integrate new models based on cloud components and services.

The reformulation of solutions during the transition to the cloud presents opportunities for optimisation, which involves a thorough analysis of all resources, assessment of their continuity and scope of application (application catalogue), as well as improvement of computing characteristics.

This journey comes with some risks, such as lock-in by cloud providers, which could mean increased costs and some loss of flexibility in the adoption of services and data sovereignty, which could make it necessary to ensure the cloud provider's independence regarding data localisation and access. For Fidelidade, the definition and implementation of mechanisms and processes to mitigate these risks is therefore of great importance and requires thorough management of the process of adopting cloud models.

DevSecOps

The DevSecOps initiative, focused on development, security, and operations, was expanded and strengthened throughout 2023 to streamline the entire development cycle, by ensuring automatic code promotion processes until production, which involved the conducting of automatic validations and tests to ensure the quality and resilience of the code developed. The extension of these mechanisms to the new multi-company development infrastructure using OutSystems technology was a good example of this.

New ventures and venture capital

Mindful of the need to anticipate future trends and develop solutions that respond to current and future consumer expectations, Fidelidade created the Centre for Transformation (CfT) with the aim of identifying, developing, and implementing new, even more disruptive ideas with a strong associated value proposition. The CfT has followed an approach based on three fundamental pillars - open innovation, creation of corporate ventures (new businesses) and support for the entrepreneurial ecosystem through venture capital.

NEW VENTURES

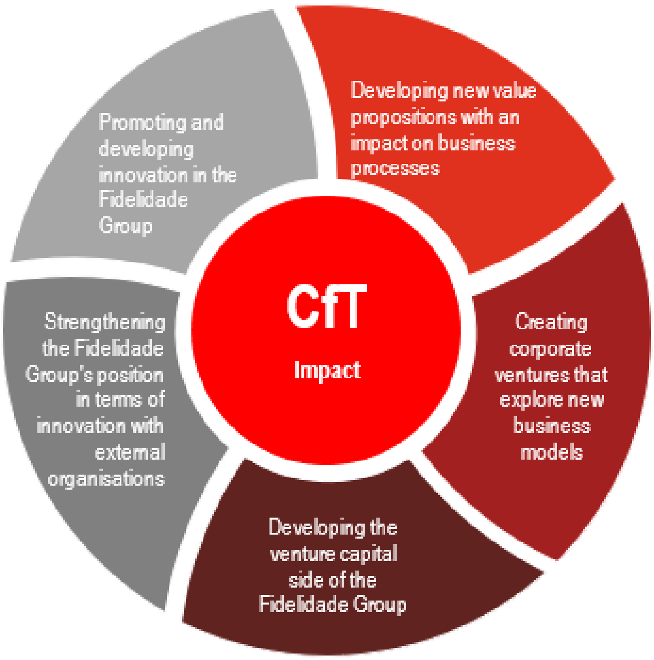
A mission associated with a value chain that commences with trend analysis, identification, and the selection of opportunities to be exploited by the Group within insurance (e.g. embedded insurance) and in the space beyond insurance (e.g. relationship, community and consumption model in Web 3), involving the creation of value propositions, prototyping, pilots in real market conditions to the creation, launch and scaling of new ventures in the market. The entire development cycle involves key players, such as business areas and employees (e.g. in internal innovation programmes), start-ups (e.g. in the Protechting open innovation programme) and the entire relevant ecosystem (e.g. leveraging the strategic venture capital initiative with access to investors, experts, entrepreneurs, new solutions and go-to-market approaches).

CAPITAL VENTURES

The Group has opted, since 2022, to make Venture Capital (VC) a strategic focus, having adopted the anchor LP (relevant investor) model in two VC funds managed by Shilling and Big Start Ventures. Both focus their investment thesis primarily on B2B start-ups, at embryonic stages of maturity, in terms of pre-seed to series A investment rounds, with a high potential for scalability, focusing on start-ups with both Portuguese and international DNA. In terms of sectors, Shilling is agnostic and Big Start Ventures focuses mainly on Insurtech.

The Group's strategic focus has been successful for both parties since its inception: on the one hand, the Group has gained easier access to new business models, solutions, market approaches, innovations, talent and experts, and obtained a great deal of knowledge in the various dimensions; on the other hand, the VC funds and their portfolios have gained access to validations, business opportunities, access to sector experts, etc.

This approach has always endeavoured to involve the Group's various business and support areas, which have been called upon to participate from the outset. It's a focus that will continue to evolve and expand in the future.



This innovation model presents important risks and opportunities in three central areas:

- Resources and organisational structure: balancing the differing approaches of the Group's various units to meet the specific needs of innovation initiatives (training geared to innovation and entrepreneurship, venture legal frameworks, agility in the adoption of solutions, flexibility in the creation of brands, dedicated operational processes, speed and flexibility in the development of solutions);
- Project management: accompanying initiatives in a corporate model that is more orientated to the Group's core business, which requires alignment and adaptability to ensure, on the one hand, that less traditional opportunities are exploited and, on the other, that initiatives without market traction are not perpetuated;
- Statutory and fiscal: aligning the specifics of an insurance EAC perimeter with the new areas that are to be exploited and developed, and ensuring the capacity to participate in national and international innovation consortiums under corresponding Portuguese and European programmes.

Within the scope of the CfT, three ventures stand out – FIXO, Just in Case and SOFIA – which make it possible to identify and manage impacts, risks and opportunities related to resource efficiency, especially focused on optimising the time spent by human resources on providing services.

FIXO FIDELIDADE

Digital platform with more than 75 domestic services that offers price estimates, service scheduling, payment options and assessments. It is supported by a network of qualified professionals and an operational team that ensure quality and continuous customer support.

Impacts

Excellence in customer management and follow-up, achieved by digitalising the booking process and contracting services online in less than two minutes.

Improved management and monitoring of providers, achieved by centralising and digitalising interactions with an impact throughout the process.

Efficiency in the activities of the operational team, achieved through the centralisation and digitalisation of information and alarm systems related to services, enabling monitoring and ensuring quality at all times.

Risks and opportunities

Ability to develop the product at the pace of consumer and market demands, and of the Fidelidade Group's ambition, in a highly competitive and constantly evolving sector.

Evolution of the value proposition for providers, with a greater focus on strengthening the relationship, increasing efficiency, and improving service provision.

Continuous improvement of processes that ensure business scalability.

FIDELIDADE
SEGUROS DESDE 1808

Just in Case
INSURED BY FIDELIDADE

On-demand insurance platform that ensures an integrated experience, through a single fully digital channel, aimed at emerging offers, segments and experiences.

Impacts

Platform for testing the on-demand concept and positioning the Group in disruptive market contexts for the insurance sector

Addressing new and emerging customer segments and strengthening relevant segments (e.g., young people, digital nomads).

Ability to digitalise the end-to-end offer and online subscription.

Adding value to the traditional insurance offer by exploiting contextual features and experiences

Improving the ability to integrate into partner journeys, increasing presence and minimising acquisition costs.

Developing and streamlining the modularisation capabilities of the Group's offer

Risks and opportunities

Positioning in sophisticated markets undergoing constant and accelerated transformation/adaptation.

High competitiveness in occupying new supply chain orchestration positions in the insurance sector's value chain.

Ability to adapt and evolve the insurance product in order to maximise the potential of the market approach through the existing context (e.g., international segments, multi-product).

Ability to approach partners with truly modular and customisable solutions.

Sofia.pt
Serviços para 60+ numa plataforma

Digital platform aimed at the senior segment and its network, offering a holistic portfolio of services based on a relationship of proximity and constant monitoring by relationship managers

Impacts

Curatorship and development of a holistic offer for the life cycle from retirement onwards.

In-depth knowledge of the senior market segment and its entire associated network.

Digitalisation of the entire process involved in providing services.

Improvement of operational efficiency, through a Target Operating Model ("TOM") suited to the value proposition and specificities of the segment.

Customised customer service that combines customer and operational management tools with an assistant dedicated to each situation.

Risks and opportunities

Positioning in a market where there is growing pressure from demand in a context where supply is still fragmented, specialised and unsophisticated.

Orchestration of partners with an outstanding approach and delivery to provide a broad portfolio of services.

Complexity arising from the legal framework, considering all the sectors of activity that are included in the portfolio of services, in a scenario where the aim is to standardise customer experience and support processes.

Evolution of agility, autonomy, decision-making capacity, and effective allocation of critical resources to ensure the venture

A.1.7. 2023 Highlights

Longevity occupies a central place in Fidelidade's global strategy. In 2023, and as a result of this positioning, the Group invested in innovative solutions that help foster health and healthy lifestyles, and financial autonomy and resilience, and that reinforce the Group's commitment to society and the planet. This commitment has been recognised in many ways, further increasing the commitment to "Longevity for all ages".

Some important milestones

ESG Rating
A rating of 11.7 was obtained from Morningstar Sustainalytics, which placed Fidelidade as the fourth most sustainable insurer in the world. It is the best positioned company in the banking and insurance sector in Portugal and the second most sustainable Portuguese company.

FITCH
Reaffirmation of Fidelidade's A rating in Insurer Financial Strength (IFS) and A- in Long-Term Issuer Default Rating (IDR) by the financial rating agency Fitch.

Fidelidade considered the "Best Insurance Company in Portugal"
Chosen for the second year running by DECO PROTeste as the best insurance company operating in Portugal. It has the highest levels of customer satisfaction for the evaluated products: car, health and multi-risk home insurance.

Great Place to Work
Fidelidade has been recognized for the second consecutive year as "Best Workplace" by Great Place to Work Portugal, being in the Top 10 of companies with more than 500 employees.

Financial Literacy
Carrying out several financial literacy initiatives aimed at employees, brokers, clients, and partners, through physical and digital channels.

Centre for Climate Change
Development of this skills and knowledge centre for the Fidelidade Group, which is open to the public. It will integrate initiatives linked to climate change and Net-Zero targets, based on partnerships with external skill centres.

Sustainability Week
Organisation in Portugal of the Fidelidade Group's first international sustainability event, with the aim of forming a community of sustainability focal points, by boosting training and holding a boot-camp to align the sustainability strategies between the Group's various geographies.

App Fidelidade DRIVE
Over 100,000 users of the Fidelidade Drive app, focussed on preventing and promoting safe and responsible driving.

COP28
Participation in COP28, leveraging the Group's capacity to proactively contribute to the ecological transition in line with the Group's environmental, social, and business strategy.

World Youth Day
Support for WYD Lisbon 2023, providing the necessary insurance for the event and the participation of Group employees as volunteers.

Fidelity Pets Ecosystem
The Fidelidade Pets Ecosystem project won the Best Insurance Project award at the Portugal Digital Awards and was also honoured with the gold award in the "Connected Ecosystems & Marketplaces" category of the Qorus Insurance Innovation Awards.

Técnico Innovation Centre Powered by Fidelidade
Inauguration of the Técnico Innovation Centre, a multipurpose space with a study room open 24 hours a day, which will be a point of contact between the Instituto Superior Técnico and the community, via the dissemination of knowledge and innovation.

Fidelidade Community Award

Promotion of the 5th edition of the Fidelidade Community Award, which aims to strengthen the social sector by reinforcing Fidelidade's commitment to the sustainable development of society.

XLAB

Launch of the first edition of the Fidelidade Group's internal innovation programme, which seeks to stimulate change and entrepreneurial spirit among teams.

Prevention Ecosystem

Strengthening and expanding the prevention value proposition by focusing on check-ups, the Multicare Vitality programme, and online medical services.

App MySavings

The marked growth in users of the MySavings app, which offers Fidelidade customers financial products with different risk profiles, has become a mechanism for raising awareness, financial autonomy, and savings/investment.

SOFIA

Launch, in pilot mode, of the SOFIA digital platform, aimed at the senior, family and caregivers segment, which provides access to home support services.

Personal Accidents 65+

Launch of Personal Accident Insurance for the over-65s, which reinforces Fidelidade's ongoing commitment to the protection of customers at all stages of life.

Vitality Run

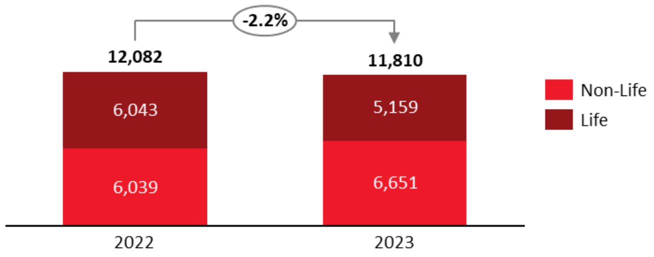
The 3rd Multicare Vitality Run was held under the slogan "Running for all ages", to promote the adoption of healthy habits from an early age, with a view to a sustainable, longer, and healthier life. It had 2,500 participants.

A.2. Underwriting performance

A.2.1. Insurance sector environment

<u>Evolution of the insurance market in Portugal</u>

In 2023, the Portuguese insurance market recorded total gross premiums of 11.8 billion euros, a decrease of 2.2% compared to 2022, reflecting the evolution of the Life segment (-14.6% to 5.2 billion euros) due to the economic context referred to above. On the other hand, the Non-Life segment continued its growth trajectory, recording premiums of 6.7 billion euros, i.e. 10.1% more than in 2022.



Unit: million euros
Source: ASF

The decrease in premiums in the Life segment was mainly due to the Life Financial component, in particular in terms of the sale of unit-linked products. Despite rising interest rates, the loss of income caused by inflation and instability in financial markets had a negative impact on this type of financial product, as had been the case in 2022.

For their part, premiums in the Non-Life segment maintained their growth trend, generating greater traction when compared to the previous year, mainly as a result of real economic growth and the inflationary context.

In this segment, it is important to highlight the positive evolution registered in the Health line of business (+16.7%), at a time when the population is increasingly aware of the need to complement the services of the National Health System. This growth allowed the Health line of business to consolidate its position as the second largest line of business in the Non-Life segment, with direct insurance premiums rising to 1,349 million euros.

Non-Life: Gross Premiums

	Gross Premiums		
	2022	2023	Change
Non-Life	**6,039**	**6,651**	**10.1%**
Motor	1,966	2,098	6.7%
Health	1,156	1,349	16.7%
Fire and Other Damage	1,074	1,181	9.9%
Workers' Compensation	1,027	1,140	11.0%
Others	816	882	8.1%

Unit: million euros; Source: ASF

Evolution of the insurance market in Latin America

In the Latin American markets where the Fidelidade Group is present – especially Peru, Bolivia and Chile -, the Non-Life segment maintained the trend in premiums growth, with growth accelerating in the Peruvian market, in 2023.

Non-Life: Gross Premiums

	Gross Premiums	
Country	**2022**	**2023**
Peru	0.4%	7.6%
Chile	22.0%	4.4%
Bolivia	11.7%	5.6%

Unit: % change rate
Source: Local Regulatory Bodies with information updated to November and December 2023 (Peru and Bolivia); Chile with figures forecast by AACH (Asociación de Aseguradores de Chile A.G.)

In 2023, premiums in the Life segment also maintained a very high level of growth, reflecting the strong commercial dynamic of annuity products (survival and old age).

Life: Gross Premiums

	Gross Premiums	
Country	**2022**	**2023**
Peru	5.7%	7.4%
Chile	35.3%	21.9%
Bolivia	17.6%	5.4%

Unit: % change rate

Source: Local Regulatory Bodies with information updated to November and December 2023 (Peru and Bolivia); Chile with figures forecast by AACH

Evolution of the insurance market in Africa

In the African market, Angola maintained the trend in premiums growth, with an increase of around 17%[2] in 2023 compared to 2022, mainly due to growth in the Life segment, which increased by 101%. The Non-Life segment also grew 9% compared to 2022.

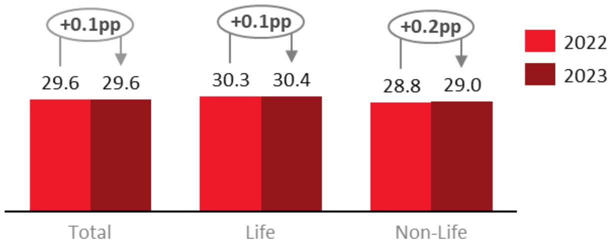
On the other hand, Mozambique saw a decrease in premiums in 2023 (-2%[3] compared to 2022) due to a fall in Non-Life premiums of around 2%. The Life segment saw an increase of around 1% compared to 2022.

A.2.2. Fidelidade's Performance

POSITION OF THE FIDELIDADE GROUP IN THE PORTUGUESE MARKET

In 2023, the Fidelidade Group held its position as market leader in Portugal, recording an overall market share of 29.6%, corresponding to an increase of 0.1 p.p. compared to the previous year, mainly reflecting the performance of the Non-Life segment.

Total Market Share, Life and Non-Life (Unit: %; Source: ASF)

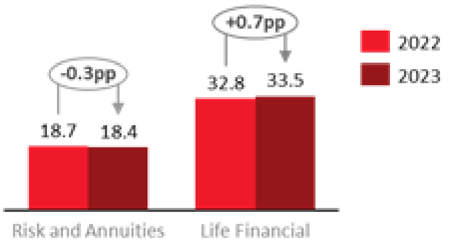


In the Life segment, and despite the decrease in the amount of premiums, the Fidelidade Group increased its market share by 0.1 p.p. compared to 2022, reflecting the commercial performance of financial products, especially the growth of guaranteed capital products, which grew by 88.8% compared to 2022, as a result of the new interest rate context.

[2] ASAN (Association of Angolan Insurers), November 2023

[3] Source: Quarterly Key Indicators Report (Q2 2023) and Quarterly Key Indicators Report (Q4 2022) - ISSM (Mozambique Insurance Supervision Institute)

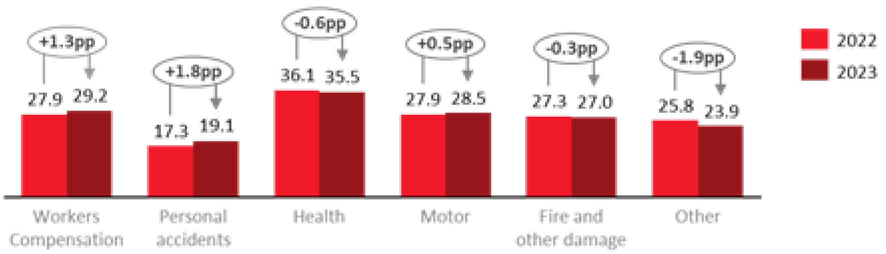
Market Share, Life Segment (Unit: %; Source: ASF)



In the Non-Life segment, Fidelidade increased its market share by 0.2 p.p. compared to 2022, reflecting its improved position in the Workers' Compensation, Motor and Personal Accidents lines of business:

- In the Workers' Compensation and Motor lines of business market share increased by 1.3 p.p. and 0.5 p.p., respectively, reflecting strong commercial dynamics;
- The Personal Accidents line of business also increased its market share by 1.8 p.p., reflecting a strong increase in premiums compared to the previous year, which was above the market average;
- The Health and Fire and Other Damage lines of business saw a decrease in market share compared to 2022, essentially reflecting the reinforcement of the cautious risk underwriting policy, with a greater focus on the profitability of these lines of business.

Market Share, Non-Life Segment (Unit: %; Source: ASF)



POSITION OF THE FIDELIDADE GROUP IN THE INTERNATIONAL MARKET

Latin America

In 2023, the Fidelidade Group consolidated its position in the insurance market in Latin America [4]:

- **Peru:** 4th place, with the La Positiva Group achieving a market share of 13.2%[5], which is higher than the previous year. In the Non-Life segment, La Positiva Seguros also holds the 4th place, with a market share of 14.5%. In the Life segment, La Positiva Vida holds the 3rd place, with a market share of 12.1%;
- **Bolivia:** 1st place, with a market share of 19.2%, in the Non-Life segment and 2nd place in the Life segment, with a market share of 18.7%;
- **Chile:** 13th place with a market share of 2.4%;
- **Paraguay:** 8th place with a market share of 4.1%.

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[4] Source: Peru: SBS November 2023; Bolivia: APS December 2023; Chile: CMF, September 2023; Paraguay: BCP, Banco Central do Paraguai, September 2023.
[5] Including La Positiva Seguros and La Positiva Vida

Africa

The Fidelidade Group also consolidated its position in Africa. In Mozambique, Fidelidade holds the 3rd place in the insurance market ranking, with a market share of 15.1%[6]. In Angola, Fidelidade reached a market share of 12.4%, thus holding the 3rd place in the ranking[7].

CONSOLIDATED FINANCIAL PERFORMANCE

GAINS AND LOSSES – KEY INDICATORS

Units: million euros	2023	2022	*Change 23/22*
Summary of Results			
Written Premiums	5,206.9	5,118.1	*1.7%*
Life	2,305.4	2,492.0	*-7.5%*
Non-Life	2,901.5	2,626.1	*10.5%*
Non-Life combined ratio	93.8%	98.8%	*-5.0 p.p.*
Investment yield[1]	2.7%	2.0%	*0.7 p.p.*
Income from insurance contracts	261.6	181.3	*44.3%*
Fees from investment contracts	143.7	114.4	*25.6%*
Investment income[2]	217.7	218.0	*-0.1%*
Non-operating income	-344.8	-235.8	*46.2%*
Income before taxes and minority interests	**278.2**	**277.9**	***0.1%***
Taxes and Minority Interests	-97.9	-102.1	*-4.2%*
Net Income	**180.3**	**175.8**	***2.6%***

1. Excluding unit-linked products and properties for own use; 2. Including income from the financial component of insurance contracts

Despite a challenging context, in 2023 the Fidelidade Group achieved a consolidated volume of written premiums totalling 5,206.9 million euros, an increase of 1.7% compared to the previous year.

The combined ratio in 2023 was 93.8%, a decrease of -5.0 p.p. compared to the previous year, reflecting a lower claims rate in some Non-Life lines of business, namely in Workers' Compensation and Fire and Other Damage, and increased efficiency levels impacting the costs allocated to the various segments.

Income from insurance contracts grew to 261.6 million euros, an increase of 44% compared to 2022, as a result of the increase in revenue from insurance contracts and the fall in the combined ratio.

Fees from investment contracts totalled 143.7 million euros, an increase of 26% compared to 2022 in line with the strategy defined for Life Financial products.

Investment income totalled 217.7 million euros, similar to the level in the previous year as the effect of the increase in guaranteed rates for Life product customers, in line with interest rate trends, was offset by an increase in investment income.

Non-operating income and non-attributable costs fell to -344.8 million euros, which reflects the fact that the corresponding figure in 2022 was boosted by non-recurring events.

[6] Source: Quarterly Key Indicators Report (Q2 2023) - ISSM (Mozambique Insurance Supervision Institute).
[7] Source: Association of Angolan Insurers, November 2023.

As a result of the above-mentioned developments, particularly income from insurance contract, the net profit increased by 2.6% compared to 2022, to 180.3 million euros.

Written premiums

Consolidated premiums

Units: million euros	2023	% Mix	2022	% Mix	Change 23/22
Written premiums					
Life[1]	**2,305.4**	*44.3%*	**2,492.0**	*48.7%*	*-7.5%*
Risk and Annuities	*527.6*	*22.9%*	*522.8*	*21.0%*	*0.9%*
Life - Financial	*1,777.8*	*77.1%*	*1,969.1*	*79.0%*	*-9.7%*
Non-Life	**2,901.5**	*55.7%*	**2,626.1**	*51.3%*	*10.5%*
Motor	*812.9*	*28.0%*	*747.7*	*28.5%*	*8.7%*
Health	*609.2*	*21.0%*	*541.7*	*20.6%*	*12.5%*
Fire and Other Damage	*632.5*	*21.8%*	*560.2*	*21.3%*	*12.9%*
Workers' Compensation	*441.9*	*15.2%*	*375.5*	*14.3%*	*17.7%*
Other Non-Life	*405.1*	*14.0%*	*401.0*	*15.3%*	*1.0%*
TOTAL	**5,206.9**	*100.0%*	**5,118.1**	*100.0%*	*1.7%*
Geographical breakdown					
Life[1]	**2,305.4**	*100.0%*	**2,492.0**	*100.0%*	*-7.5%*
Portugal	*1,567.8*	*68.0%*	*1,831.5*	*73.5%*	*-14.4%*
International	*737.6*	*32.0%*	*660.5*	*26.5%*	*11.7%*
Non-Life	**2,901.5**	*100.0%*	**2,626.1**	*100.0%*	*10.5%*
Portugal	*1,936.4*	*66.7%*	*1,746.4*	*66.5%*	*10.9%*
International	*965.2*	*33.3%*	*879.7*	*33.5%*	*9.7%*
TOTAL	**5,206.9**	*100.0%*	**5,118.1**	*100.0%*	*1.7%*
Portugal	*3,504.2*	*67.3%*	*3,577.9*	*69.9%*	*-2.1%*
International	*1,702.8*	*32.7%*	*1,540.2*	*30.1%*	*10.6%*

1. Includes sums related to investment contracts

The Life business recorded a decrease of 7.5% compared to the previous year, to 2,305.4 million euros, reflecting the evolution of the Life Financial premiums in Portugal, which was negatively impacted by the new interest rate environment, which made lower risk products (such as bank deposits or savings certificates) more appealing as an alternative to insurance-related financial products.

In contrast, the Life business at an international level recorded growth of 11.7% compared to the previous year, benefiting from the performance of international operations, in particular from The Prosperity Company group, which performs its activity in several European markets.

In the Non-Life segment, the Fidelidade Group grew 10.5% in 2023 to 2,901.5 million euros, with positive performance in all lines of business and in most geographies. It should also be noted that in 2023, the international business represented about a third (33.3%) of the total volume of Non-Life written premiums.

Premiums in Portugal

Units: million euros	2023	% Mix	2022	% Mix	Change 23/22
Life	**1,567.8**	*44.7%*	**1,831.5**	*51.2%*	*-14.4%*
Risk and Annuities	*195.6*	*12.5%*	*197.6*	*10.8%*	*-1.0%*
Life - Financial	*1,372.2*	*87.5%*	*1,633.9*	*89.2%*	*-16.0%*
Non-Life	**1,936.4**	*55.3%*	**1,746.4**	*48.8%*	*10.9%*
Motor	*597.6*	*30.9%*	*549.1*	*31.4%*	*8.8%*
Health	*479.1*	*24.7%*	*417.9*	*23.9%*	*14.6%*
Fire and Other Damage	*324.1*	*16.7%*	*298.1*	*17.1%*	*8.7%*
Workers' Compensation	*333.2*	*17.2%*	*286.6*	*16.4%*	*16.3%*
Other Non-Life	*202.2*	*10.4%*	*194.6*	*11.1%*	*3.9%*
TOTAL	**3,504.2**	*100.0%*	**3,577.9**	*100.0%*	*-2.1%*

In Portugal, the Fidelidade Group recorded positive premiums performance in the Non-Life segment, growing 10.9% compared to the previous year and above the market average (10.1%), with most lines of business contributing to this growth. This evolution enabled the Group to increase the Non-Life market share by 0.2 p.p. to 29.0%.

In the Non-Life business, the Workers' Compensation and Health lines of business recorded the greatest growth, with total premiums reaching 333.2 million euros and 479.1 million euros, respectively. Fidelidade's market share in Portugal in the Workers' Compensation line of business increased 1.3 p.p. to 29.2%.

In the Life business in Portugal, Fidelidade recorded a fall in premiums of 14.4% compared to the previous year, influenced by the negative evolution of Life Financial products.

International premiums

Units: million euros	2023	% Mix	2022	% Mix	Change 23/22
Life	**737.6**	*43.3%*	**660.5**	*42.9%*	*11.7%*
Risk and Annuities	*332.0*	*45.0%*	*325.2*	*49.2%*	*2.1%*
Life - Financial	*405.6*	*55.0%*	*335.3*	*50.8%*	*21.0%*
Non-Life	**965.2**	*56.7%*	**879.7**	*57.1%*	*9.7%*
Motor	*215.2*	*22.3%*	*198.6*	*22.6%*	*8.4%*
Health	*130.1*	*13.5%*	*123.8*	*14.1%*	*5.1%*
Fire and Other Damage	*308.4*	*31.9%*	*262.1*	*29.8%*	*17.6%*
Workers' Compensation	*108.6*	*11.3%*	*88.8*	*10.1%*	*22.3%*
Other – Non-Life	*202.9*	*21.0%*	*206.4*	*23.5%*	*-1.7%*
TOTAL	**1,702.8**	*100.0%*	**1,540.2**	*100.0%*	*10.6%*

Premiums from the international business reached EUR 1,702.8 million in 2023, recording growth of 10.6% compared to the previous year, reflecting the contribution of both the Life and Non-Life segments.

The Non-Life business grew 9.7%, with Peru, Chile and Spain contributing most to the increase of 85.4 million euros in the international Non-Life premiums.

The Workers' Compensation line of business saw marked growth (22.3%), driven by the Fidelidade Group's business in Peru, Cape Verde and Macao. The Fire and Other Damage line of business grew by 17.6%, influenced by the Group's business in Peru and Chile.

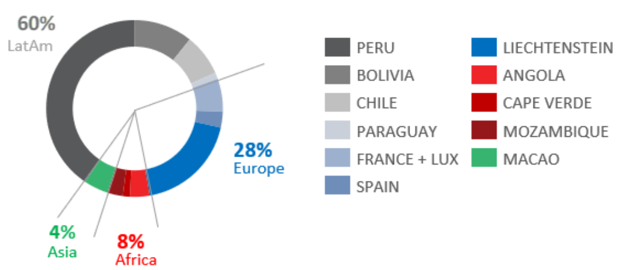
The Life Risk and Annuities line of business, which carries significant weight in the Latin American business, recorded growth of 2.1%, mainly reflecting an increase in the Bolivia and Peru operations.

The Life - Financial line of business grew by 21.0%, mainly driven by the activity of The Prosperity Company group.

Units: million euros	2023			2022			*Change 23/22*
International premiums	%Vida	%NV	Total	%Vida	%NV	Total	%
Peru	35%	65%	691.8	34%	66%	597.6	*15.8%*
Liechtenstein	100%	0%	319.6	100%	0%	237.6	*34.5%*
Bolivia	46%	54%	181.7	49%	51%	214.1	*-15.1%*
Chile	0%	100%	130.4	-	100%	101.6	*28.4%*
France + Luxembourg	25%	75%	102.8	39%	61%	121.0	*-15.1%*
Macao	71%	29%	76.5	73%	27%	66.1	*15.7%*
Angola	5%	95%	61.4	6%	94%	77.2	*-20.5%*
Spain	6%	94%	49.4	7%	93%	45.5	*8.6%*
Mozambique	10%	90%	47.9	12%	88%	44.3	*8.1%*
Cape Verde	16%	84%	22.0	15%	85%	19.8	*11.4%*
Paraguay	3%	97%	19.2	4%	96%	15.5	*23.7%*
TOTAL	**43%**	**57%**	**1,702.8**	**43%**	**57%**	**1,540.2**	***10.6%***

In 2023, Latin America accounted for 60% of the Fidelidade Group's international business, with the remainder being distributed between Europe (28%), Africa (8%) and Asia (4%).

International Business: Geographic Distribution



BALANCE SHEET – KEY INDICATORS

Units: million euros	2023	2022	*Change 23/22*
Balance Sheet Summary			
Total assets	20,282.2	19,992.3	*1.5%*
Assets under management	17,364.6	17,081.0	*1.7%*
Insurance contract and investment contract liabilities[2]	14,247.5	14,262.9	*-0.1%*
Contract services margin	428.6	442.1	*-3.1%*
Equity[3]	2,672.8	2,543.6	*5.1%*
ROE	6.9%	6.7%	*0.2 p.p.*

1. Including properties for own use; 2. Including the amount of Financial liabilities from the deposit component of insurance contracts and from insurance contracts and operations considered for accounting purposes as investment contracts; 3. Not including minority interests

At the end of 2023 Fidelidade had assets under management amounting to 17.4 billion euros, an increase of 1.7% compared to 2022, 22% of which related to unit-linked contracts. The investment portfolio not connected to unit-linked products amounted to 13.6 billion euros, generating an average annual return of 2.7%.

Also, in 2023 the policy of diversifying by class of asset and geographies was continued, as a means of maximising yield with an appropriate level of risk given the climate of rising interest rates, and taking into account capital optimisation under the Solvency II rules.

Insurance contract and investment contract liabilities totalled 14.2 billion euros in 2023, falling 0.1% compared to 2022, reflecting the evolution of the Life segment.

In addition, the contract services margin reached 428.6 million euros in 2023, a decrease of 3.1% compared to the previous year.

Equity, excluding minority interests, totalled 2.7 billion euros, up on the previous year, mainly reflecting the effect of the appreciation of financial assets, with an impact on the revaluation reserve and net profit for the year, which more than offset the effect of the 219.2 million euro dividend distribution. The average return on equity ("ROE") was 6.9%.

In 2021, Fidelidade issued subordinated debt in the financial markets for the first time, enabling optimisation of its capital structure. At the end of 2023, subordinated debt totalled EUR 503.3 million and the ratio of subordinated debt to total assets was 2.5%.

SEPARATE FINANCIAL PERFORMANCE[8]

GAINS AND LOSSES – KEY INDICATORS

Units: million euros	2023	2022	*Change 23/22*
Summary of RESULTS			
Written premiums	3,619.6	3,682.1	*-1.7%*
Life	*1,604.7*	*1,882.1*	*-14.7%*
Non-Life	*2,014.9*	*1,800.0*	*11.9%*
Net Income	83.6	68.1	*22.7%*

In individual terms, Fidelidade's total premiums in 2023 were 3,619.6 million euros, recording a decrease of 1.7% compared to the previous year, originating in the Life segment.

The Life business recorded premiums of 1,604.7 million euros, decreasing 14.7% compared to 2022, in line with the trend seen in the national market.

In the Non-Life segment, Fidelidade Individual grew 11.9% in 2023, reflecting the positive performance of all lines of business.

In 2023, Fidelidade recorded a separate net income of 83.6 million euros, an increase of 22.7% compared to the previous year, benefiting from the increase in revenue from insurance contracts and from increased investment income.

BALANCE SHEET – KEY INDICATORS

Units: million euros	2023	2022	*Change 23/22*
BALANCE SHEET Summary			
Total assets	15,202.6	15,424.6	*-1.4%*
Insurance contract and investment contract liabilities[1]	11,405.2	11,773.6	*-3.1%*
Shareholders' equity	2,197.1	2,214.5	*-0.8%*

1. Including the amount of Financial liabilities from the deposit component of insurance contracts and from insurance contracts and operations considered for accounting purposes as investment contracts

At the end of 2023, Fidelidade Individual had total assets of 15.2 billion euros and insurance contract and investment contract liabilities of 11.4 billion euros, the latter falling 3.1%, in line with the evolution in Life Financial products.

Shareholders' Equity totalled 2.2 billion euros, which represents a fall of 08% compared to the previous year, primarily reflecting the distribution of dividends in 2023.

[8] Fidelidade's separate accounts include the insurance business of Fidelidade - Companhia de Seguros, S.A. in Portugal and of its branches in France, Luxembourg and Spain.

A.2.3. Premiums, claims and expenses by line of business

The tables below provide a breakdown of premiums, claims and expenses by line of business.

Amounts in thousand euros

Life Line of business	Insurance with profit sharing	Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	Total	Previous year
Premiums written						
Gross	39,338	336,029	1,221,052	8,282	**1,604,701**	**1,882,093**
Reinsurers' share	1,105	0	21,760	0	**22,865**	**28,890**
Net	**38,233**	**336,029**	**1,199,292**	**8,282**	**1,581,836**	**1,853,203**
Premiums earned						
Gross	39,259	336,029	1,221,692	8,282	**1,605,262**	**1,881,840**
Reinsurers' share	1,105	0	21,768	0	**22,873**	**28,898**
Net	**38,154**	**336,029**	**1,199,924**	**8,282**	**1,582,389**	**1,852,942**
Claims incurred						
Gross	51,644	154,296	1,933,933	4,156	**2,144,029**	**2,037,489**
Reinsurers' share	-55	0	7,044	0	**6,989**	**14,314**
Net	**51,699**	**154,296**	**1,926,889**	**4,156**	**2,137,040**	**2,023,175**
Expenses incurred						
Expenses incurred	**14,597**	**24,439**	**98,326**	**143**	**137,505**	**144,405**

Amounts in thousand euros

Health – SLT Line of business	Health insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Total	Previous year
Premiums written						
Gross	0	0	0	0	**0**	**0**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**0**	**0**	**0**	**0**	**0**
Premiums earned						
Gross	0	0	0	0	**0**	**0**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**0**	**0**	**0**	**0**	**0**
Claims incurred						
Gross	0	0	0	0	**0**	**39,178**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**0**	**0**	**0**	**0**	**39,178**
Expenses incurred						
Net	**0**	**0**	**0**	**0**	**0**	**2,154**

Amounts in thousand euros

Health – NSLT Line of business	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Total	Previous year
Premiums written					
Gross - Direct business	480,196	48,435	332,995	**861,626**	**749,871**
Gross - Proportional reinsurance accepted	86	56	497	**639**	**451**
Gross - Non-proportional reinsurance accepted	0	0	0	**0**	**0**
Reinsurers' share	477,530	17,030	17,351	**511,911**	**444,121**
Net	**2,752**	**31,461**	**316,141**	**350,354**	**306,201**
Premiums earned					
Gross - Direct business	464,881	43,292	331,371	**839,544**	**739,471**
Gross - Proportional reinsurance accepted	86	56	497	**639**	**451**
Gross - Non-proportional reinsurance accepted	0	0	0	**0**	**0**
Reinsurers' share	462,171	14,281	17,351	**493,803**	**435,494**
Net	**2,796**	**29,067**	**314,517**	**346,380**	**304,428**
Claims incurred					
Gross - Direct business	352,875	13,099	218,966	**584,940**	**442,407**
Gross - Proportional reinsurance accepted	-34	19	-646	**-661**	**569**
Gross - Non-proportional reinsurance accepted	0	0	0	**0**	**0**
Reinsurers' share	350,166	511	-18	**350,659**	**331,475**
Net	**2,675**	**12,607**	**218,338**	**233,620**	**111,501**
Expenses incurred					
Net	**-3,244**	**18,411**	**87,160**	**102,327**	**109,461**

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Amounts in thousand euros

Non-Life Line of business	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total	Previous year
Premiums written											
Gross - Direct business	316,351	241,056	26,044	368,317	82,568	451	7,272	52,894	26,306	**1,121,259**	**1,039,101**
Gross - Proportional reinsurance accepted	21,279	639	118	8,723	434	6	0	0	169	**31,368**	**10,578**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	3,374	62	13,849	172,601	40,121	383	5,409	41,403	16,891	**294,093**	**283,656**
Net	**334,256**	**241,633**	**12,313**	**204,439**	**42,881**	**74**	**1,863**	**11,491**	**9,584**	**858,534**	**766,023**
Premiums earned											
Gross - Direct business	307,871	230,150	26,208	356,863	95,993	401	6,964	51,078	26,798	**1,102,326**	**1,000,405**
Gross - Proportional reinsurance accepted	21,279	638	141	8,841	710	6	0	0	123	**31,738**	**8,666**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	3,374	61	14,409	172,215	55,597	328	5,408	41,433	16,984	**309,809**	**264,899**
Net	**325,776**	**230,727**	**11,940**	**193,489**	**41,106**	**79**	**1,556**	**9,645**	**9,937**	**824,255**	**744,172**
Claims incurred											
Gross - Direct business	246,375	127,882	5,951	176,153	55,019	-54	0	-7	13,039	**624,358**	**485,866**
Gross - Proportional reinsurance accepted	16,005	64	-16	13,298	972	11	0	0	0	**30,334**	**6,925**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	4,138	6	1,448	71,742	42,227	-5	0	-3	4,199	**123,752**	**76,099**
Net	**258,242**	**127,940**	**4,487**	**117,709**	**13,764**	**-38**	**0**	**-4**	**8,840**	**530,940**	**416,692**
Expenses incurred											
Net	**106,968**	**66,667**	**3,917**	**84,717**	**22,213**	**77**	**1,425**	**15,109**	**1,196**	**302,289**	**297,861**

A.3. Investment performance

A.3.1. Income and expenses from investments

At 31 December 2023, the allocation of investments and other assets to insurance contracts and other operations classified as investment contracts is as follows (amounts for solvency purposes):

Amounts in thousand euros

Investments and other assets	Life	Non-Life	Not allocated	Total	Previous year
Property, plant and equipment held for own use	0	14,495	62,486	76,981	70,904
Property (other than for own use)	0	9,805	1,256	11,061	31,903
Holdings in related undertakings, including participations	1,137,262	963,463	1,092,466	3,193,191	2,997,809
Equities - listed	12,479	297,408	0	309,887	374,852
Equities - unlisted	0	0	1,223	1,223	1,092
Government bonds	1,740,899	38,739	195,837	1,975,475	2,439,393
Corporate bonds	3,282,790	767,465	40,543	4,090,798	4,211,843
Structured notes	181,689	0	0	181,689	166,272
Collateralised securities	0	0	0	0	0
Collective investment undertakings	265,417	460,235	11,756	737,408	800,971
Derivatives	166,343	9,868	8,589	184,800	112,128
Deposits other than cash equivalents	14,964	8,410	138,405	161,779	140,346
Assets held for index-linked and unit-linked contracts	2,847,883	0	0	2,847,883	2,467,147
Loans and mortgages	0	0	74,273	74,273	34,047
Cash and cash equivalents	0	0	202,405	202,405	217,706
Total	**9,649,726**	**2,569,888**	**1,829,239**	**14,048,853**	**14,066,413**

The investments in the table above include investments allocated to unit-linked contracts, which break down as follows:

Amounts in thousand euros

Investments allocated to unit-linked contracts	Total	Previous year
Equities - listed	25,898	125,099
Government bonds	376,995	140,223
Corporate bonds	1,122,608	966,806
Structured bonds	48,881	16,855
Collateralised bonds	44,198	35,824
Units of participation	1,068,436	967,624
Derivative financial instruments	115,561	113,398
Deposits	48,189	103,914
Others	-2,881	-2,596
Total	**2,847,883**	**2,467,147**

In 2023, the following income was gained from investments:

Amounts in thousand euros

Investments	Dividends	Interest	Rents	Total	Previous year
Investments allocated to technical provisions – life segment					
Government bonds	0	74,094	0	**74,094**	**89,485**
Corporate bonds	0	137,520	0	**137,520**	**128,184**
Equities	14,129	0	0	**14,129**	**16,202**
Collective investment undertakings	8,578	1,875	0	**10,453**	**18,181**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	40	0	**40**	**13**
Loans and mortgages	0	27	0	**27**	**21**
Property	0	0	0	**0**	**0**
Derivatives	0	-12,994	0	**-12,994**	**-13,333**
Others	0	-43	0	**-43**	**162**
Subtotal	**22,707**	**200,519**	**0**	**223,226**	**238,915**
Investments allocated to technical provisions – non-life segment					
Government bonds	0	418	0	**418**	**996**
Corporate bonds	0	26,491	0	**26,491**	**32,260**
Equities	25,878	0	0	**25,878**	**26,359**
Collective investment undertakings	16,132	1,980	0	**18,112**	**12,619**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	5	0	**5**	**11**
Loans and mortgages	0	0	0	**0**	**2**
Property	0	0	3,054	**3,054**	**4,381**
Derivatives	0	0	0	**0**	**0**
Others	0	0	0	**0**	**1**
Subtotal	**42,010**	**28,894**	**3,054**	**73,958**	**76,629**
Investments not allocated					
Government bonds	0	5,333	0	**5,333**	**4,581**
Corporate bonds	0	744	0	**744**	**580**
Equities	17,687	0	0	**17,687**	**5,679**
Collective investment undertakings	0	0	0	**0**	**0**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	5,832	0	**5,832**	**1,055**
Loans and mortgages	0	2,101	0	**2,101**	**2,073**
Property	0	0	1,955	**1,955**	**2,450**
Derivatives	0	1	0	**1**	**0**
Others	0	12	0	**12**	**0**
Subtotal	**17,687**	**14,023**	**1,955**	**33,665**	**16,418**
Total	**82,404**	**243,436**	**5,009**	**330,849**	**331,962**

In 2023, the financial expenses resulting from investments were as follows:

Amounts in thousand euros

Investment expenses	Total	Previous year
Costs allocated	51,718	23,495
Other investment expenses	4,221	34,813
Total	55,939	58,307

A.3.2. Information on gains and losses directly recognised in shareholders' equity

In 2023, the net gains and losses in financial instruments were as follows:

Amounts in thousand euros

Investments	As a charge to		Total	Previous year
	Income statement	Shareholders' equity		
Investments allocated to technical provisions – life segment				
Government bonds	-725	10,978	10,253	88,562
Corporate bonds	-30,910	65,308	34,398	13,974
Equities	11,922	32,226	44,148	55,182
Collective investment undertakings	-3,586	98,937	95,351	-122,894
Structured notes	0	0	0	-20
Collateralised securities	0	0	0	14
Cash and cash equivalents	0	0	0	14
Loans and mortgages	0	0	0	21
Property	0	0	0	0
Derivatives	4,497	-1,167	3,330	-61,333
Others	-1	0	-1	162
Subtotal	-18,803	206,282	187,479	-26,318
Investments allocated to technical provisions – non-life segment				
Government bonds	-1	0	-1	1,025
Corporate bonds	-18,610	3	-18,607	67,006
Equities	2,155	19,613	21,768	147,524
Collective investment undertakings	-2,419	4,263	1,844	28,118
Structured notes	0	0	0	-8
Collateralised securities	0	0	0	0
Cash and cash equivalents	0	-9	-9	79
Loans and mortgages	0	0	0	0
Property	2,279	-918	1,361	14,342
Derivatives	1,509	3,053	4,562	-76,086
Others	1	0	1	0
Subtotal	-15,086	26,005	10,919	182,000

Investments (cont.)	As a charge to		Total	Previous year
	Income statement	Shareholders' equity		
Investments not allocated				
Government bonds	-345	0	**-345**	**4,647**
Corporate bonds	-158	0	**-158**	**547**
Equities	4,272	245,070	**249,342**	**-204,337**
Collective investment undertakings	4,793	-3,347	**1,446**	**4,525**
Structured notes	0	0	**0**	**0**
Collateralised securities	0	0	**0**	**0**
Cash and cash equivalents	-333	0	**-333**	**-3,890**
Loans and mortgages	1,542	0	**1,542**	**2,103**
Property	-3,446	-86	**-3,532**	**2,192**
Derivatives	9,439	-8,719	**720**	**-11,428**
Others	0	0	**0**	**0**
Subtotal	**15,764**	**232,918**	**248,682**	**-205,641**
Total	**-18,125**	**465,205**	**447,080**	**-49,959**

A.3.3. Information on investment in securitisations

At 31 December 2023, the value of investment in securitisations is immaterial, and no information is therefore included in this chapter.

A.4. Performance of other activities

There are no other activities performed by the Company with material relevance for the purposes of disclosure in this report.

A.5. Any other information

There is no other material information relating to the Company's business and performance.

B. System of Governance

During the period covered by this report, there were no material changes in the Company's system of governance.

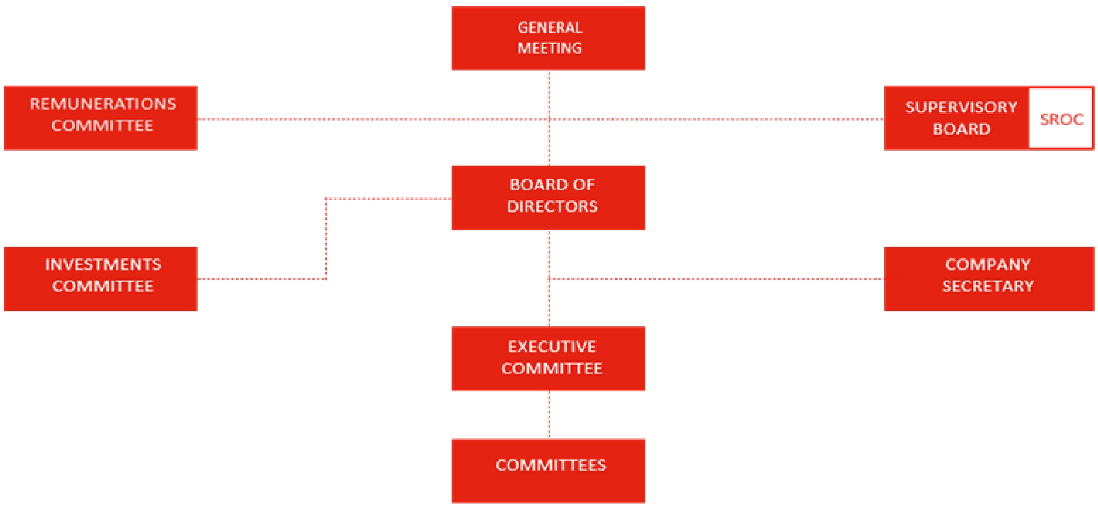
B.1. General information on the system of governance

B.1.1. Corporate governance structure

Corporate governance involves a series of relationships between the management of the Company, its shareholders and other stakeholders, by means of which the Company's objectives are defined, and also the means by which these will be achieved and monitored.

The Company adopts a unitary corporate governance model with a Board of Directors which includes an Executive Committee and a supervisory body comprising a Supervisory Board and a Statutory Auditor.

The figure below represents the Company's Corporate Governance structure during 2023:



The main competences of the bodies included in the corporate governance structure are:

<u>GENERAL MEETING</u>

Resolutions of the General Meeting are approved by a majority of the votes of the shareholders present or represented at the General Meeting, whenever the law or the Articles of Association do not require a greater number (Article 11(3) of the Articles of Association).

Resolutions concerning any amendments to the Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the Company, suppression or reduction of the preference right of the Company shareholders in increases in share capital, cancellation of shares representing the share capital, the suspension or cessation of the exercise of the principal activity included in the Company's corporate purpose, authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis, and the appointment of the Company's supervisory body and the respective external auditor when this is not one of the four largest international auditing companies, may only be approved if a vote in favour is achieved with a majority of at least 95% of the voting rights representing the entirety of the share capital.

BOARD OF DIRECTORS

The Board of Directors is composed of at least five and at most seventeen members, elected for mandates of three years, which are renewable.

As one of the Company's corporate bodies, the Board of Directors has the broadest of powers to manage and represent the Company. Pursuant to Article 15(1) of the Company's Articles of Association, in addition to the general powers given to it by law, the Board of Directors is responsible for:

- Managing the Company business and performing all the acts and operations related to the corporate purpose which do not fall within the competence of other Company bodies;
- Representing the Company in and out of court, actively and passively, with the power to withdraw, settle and accept liability in any proceedings, and also entering into arbitration agreements;
- Acquiring, selling or otherwise disposing of or encumbering movable and immovable rights and property;
- Setting up companies, subscribing, acquiring, pledging and disposing of shares;
- Establishing the technical and administrative organisation of the Company and the rules of internal operation, namely regarding employees and their remuneration;
- Appointing legal representatives, with the powers it deems appropriate, including those of delegation.

EXECUTIVE COMMITTEE

Without prejudice to the possibility of rescinding powers delegated to the Executive Committee, the Board of Directors has delegated the day-to-day management of the Company to this committee, which includes:

- All insurance and reinsurance operations and operations which are connected or complementary to insurance and reinsurance operations, including those which relate to acts and contracts regarding salvage, the rebuilding and repair of real estate, vehicle repair, and the application of provisions, reserves and capital;
- Representation of the Company before the supervisory authorities and associations for the sector;
- Acquisition of services;
- Employee admissions, definition of levels, categories, remuneration conditions and other benefits, and appointment to management positions;
- Exercise of disciplinary powers and the application of any sanctions;
- Representation of the Company before any bodies which represent the employees;
- Opening and closing of branches or agencies;
- Nomination of the person representing the Company at the general meetings of companies in which it holds shares, with determination of how the vote is to be cast;
- Nomination of the persons who will take up company positions for which the Company is elected, and the persons that the Company will indicate to take up company positions in companies in which it holds a share;
- Issuing of instructions which are binding on the companies which are in a group relationship with the Company involving full control;
- Representation of the Company in and out of court, actively and passively, including initiating and defending any judicial or arbitration proceedings, and accepting liability in, withdrawing from or settling any actions, and assuming arbitration commitments;
- Appointment of legal representatives, with or without power of attorney, to perform certain acts, or categories of acts, with definition of the scope of the respective mandates.

The delegation of powers to the Executive Committee does not cover matters which remain the exclusive competence of the Board of Directors.

INVESTMENTS COMMITTEE

All of the Company's investment decisions are subject to supervision by the Investments Committee, and the Executive Committee reports operations performed to the Investments Committee.

REMUNERATIONS COMMITTEE

The Remunerations Committee is responsible for establishing the remuneration of the members of the Company's corporate bodies.

The members of the Remunerations Committee are persons who, due to their professional experience and curriculum vitae, have the knowledge and appropriate profile regarding remuneration policy issues, and there has been no use of services provided in this area by external consultants.

The Remunerations Committee submitted to the General Meeting of 31 March 2023, the Remuneration Policy for the members of the respective management and supervisory bodies, which was approved by all the shareholders present or represented.

SUPERVISORY BOARD AND STATUTORY AUDITOR

Supervision of the Company is charged, pursuant to Article 413(1) a) of the Code of Commercial Companies, to a Supervisory Board and a Statutory Auditor, with the competences set out in law and the current mandate of which corresponds to the period 2023/2025.

The Company's Articles of Association establish the Supervisory Board's competences as those which are set out in the law.

COMPANY SECRETARY

The Company Secretary is a Corporate Body, appointed by the Board of Directors, which, besides ensuring the legal functions of Company Secretary in the companies in the Fidelidade Group where so appointed, coordinates the Company Secretariat, a Structural Body that reports directly to the Executive Committee and guarantees the corporate governance function of all the companies in the Fidelidade Group, in Portugal and abroad.

COMMITTEES

The specific committees operate according to competences delegated by the Executive Committee, without prejudice to the subsequent ratification of their decisions by the management body.

The specific committees are, therefore, structures which report to the Executive Committee, which delegates competences to them, and are intermediary decision-making bodies.

Accordingly, the specific committees are decision-making bodies set up to assess and decide on proposals regarding different areas of the day-to-day management.

Furthermore, the competence delegated to each of the specific committees is limited exclusively to acts of day-to-day management regarding matters which are the responsibility of the structural bodies which include each of the committees, as permanent members.

B.1.2. Internal governance

Internal governance is the responsibility of the executive management body and its main concerns are to define the Company's business objectives and risk appetite, the organisation of the Company's business, the granting of responsibilities and authority, the reporting lines and the information that must be provided, as well as the organisation of the internal control system.

The Company guarantees an adequate separation of functions and delegation of responsibilities, by approving each structural body's organic and functional structure, defining its scope and general aims, the related organisational chart and main functions, and appointing its heads.

Means of internal communication are defined for transmitting decisions and resolutions of the Executive Committee, for presenting decision-making proposals and for communication between the structural bodies.

To guarantee an adequate connection between corporate governance, personified in the Executive Committee, and the organisational structure, which ensures the greatest consistency and implementation of the Company's executive management, the members of the Executive Committee are given areas of governance, so that each of them is responsible for monitoring a group of structural bodies.

B.1.3. Key functions

The key functions established within the risk management and internal control systems are given to the following bodies:

Divisions	**Risk Management Division**	**Audit Division**	***Compliance* Division**
Key functions	**Risk Management Function**	**Internal Audit Function**	***Compliance* Function**
	Actuarial Function		

The following functions are defined for these bodies:

B.1.3.1. Risk Management Function

- Ensuring information is produced and made available to support decision-making, both by the Executive Committee and by the other decision-making bodies;
- Ensuring the development, implementation and maintenance of a risk management system which enables all material risks to which the Insurers and the group are exposed to be identified, assessed and monitored;
- Assessing and monitoring the current and future solvency situation;
- Identifying, assessing and monitoring the market risks and counterparty credit risks;
- Monitoring compliance with the defined level of liquidity and coverage of estimated payments by estimated receipts;
- Identifying, assessing and monitoring operational risks incurred in the insurance group, as well as identifying and characterising the existing control tools;
- Diagnosing and identifying improvements in the operational risk management and internal control systems;
- Assessing and monitoring the risk mitigation instruments, namely Reinsurance;
- Identifying, assessing and monitoring underwriting risks and the credit risk of instruments to mitigate those risks, and preparing information to support decision-making;
- Drawing up, proposing and revising the medium-term Capital Management Plan and respective Contingency Plans;

- Coordinating and conducting the annual ORSA exercise;
- Ensuring that the report on mechanisms and procedures to be adopted specifically within the scope of the Policy for the prevention, detection and reporting of insurance fraud situations is produced in line with the stipulations of that policy;
- Drawing up, proposing and revising the Risk Management Policy;
- Drawing up, proposing and revising or cooperating with the revision of all specific risk management policies for each category of material risk:
    - Cooperating with the revision of the Underwriting Policy;
    - Cooperating with the revision of the Reserving Policy;
    - Cooperating with the revision of the Asset and Liability and Liquidity Risk Management Policy;
    - Cooperating with the drawing up and revision of the Investments Policy;
    - Drawing up, proposing and revising the Operational Risk Management Policy;
    - Cooperating with the revision of the Reinsurance Policy;
    - Cooperating with the proposal and revision of the Capital Management Policy;
    - Cooperating with the revision of the Dividends Policy;
    - Drawing up, proposing and revising the Own Risk and Solvency Assessment Policy;
    - Drawing up, proposing and revising Deferred Tax Policy;
    - Drawing up, proposing and revising the Risk Appetite Framework;
    - Drawing up, proposing and revising the Internal Control Policy.

B.1.3.2. Actuarial Function

- Monitoring the accounting Technical Provisions, assessing their level of prudence;
- Undertaking an actuarial assessment of the portfolios, including calculation of the fair value of liabilities of a technical nature;
- Ensuring consultancy and actuarial technical assistance to the bodies and institutions which request it, as part of contracts for the provision of actuarial-type services, in particular, on the subject of pension funds, benefits plans or any other private pension plan frameworks;
- Drawing up, proposing and revising the Provisioning Policies;
- Coordinating calculation of the technical provisions;
- Assessing the adequacy and quality of the data used in the technical provisions calculation;
- Ensuring that appropriate methodologies, basic models and assumptions are used in the technical provisions calculation;
- Comparing the technical provisions best estimate with the actual amounts;
- Informing the management body of the level of reliability and adequacy of the technical provisions calculation;
- Supervising the technical provisions calculation whenever the insurer does not have sufficient data and with the quality needed to apply a reliable actuarial method and, for that reason, if approximate values are used;
- Issuing an opinion on the global underwriting policy;
- Issuing an opinion on the adequacy of reinsurance agreements;

- Contributing to the effective application of the risk management system, particularly regarding the risk modelling on which the solvency capital requirement and minimum capital requirement are based, and also regarding the own risk and solvency assessment.

B.1.3.3. Internal Audit Function

- Drawing up, implementing and maintaining an Annual Audit Plan based on a methodical analysis of risk, covering all significant activities and the governance system of the Insurers in the Fidelidade Portugal Group, including planned developments regarding activities and innovations;
- Assessing compliance with the principles and rules defined as part of the internal control and operational risk management, identifying possible insufficiencies and suggesting action plans to mitigate the inherent risk or optimise the control in terms of effectiveness;
- Carrying out audit actions based on a specific methodology which, since it always has risk assessment in mind, can help to determine the probability of the risks occurring and the impact they may have on the Fidelidade Group;
- Presenting the Board of Directors and the Executive Committee with audit reports produced, demonstrating the conclusions obtained and recommendations issued;
- Drawing up the Annual Audit Report, with a summary of the main deficiencies detected in the audit actions, and presenting it to the Board of Directors, the Executive Committee and the Supervisory Bodies;
- Analysing the level of implementation of recommendations issued;
- Aiding the Executive Committee, when requested by the latter, in uncovering the facts relating to potential disciplinary breaches by employees and irregularities performed by agents or service providers;
- Performing ad hoc audits, as requested by the Board of Directors, the Executive Committee or another Structural Body;
- Working with the External Audit and with the Statutory Auditor, when requested.

B.1.3.4. Compliance Function

- Proposing the Compliance strategy and policies and ensuring revision of these;
- Ensuring the development and maintenance of the Compliance risk management system with a risk-assessment approach
- In conjunction with the other key functions, maintaining the Compliance risks catalogue up to date;
- Ensuring the actions necessary to promote a Compliance culture within the Group;
- Preparing and proposing the Fidelidade Group's Code of Conduct, and the internal rules that develop and implement it, and ensuring these are disseminated and revised;
- Preparing and proposing the Compliance Policy, ensuring its revision, and the annual Compliance Plan;
- Articulating the Compliance function with the other key functions of the Group's insurance and reinsurance companies;
- Contributing to the development of the Group's international governance system.

B.1.4. Committees

The following Committees also ensure the management of the risk management and internal control systems:

RISK COMMITTEE

This Committee has the aim of making recommendations on all matters related to Risk Management and Internal Control, including risk policy revision, risk appetite framing and process monitoring, as a means of support to the Executive Committee.

PRODUCTS COMMITTEE (LIFE AND NON-LIFE)

The Products Committee's main mission is to approve and coordinate the launch of new products of all Group companies, and to update and monitor existing products, during their lifecycle, ensuring that the offer is consistent with the omni-channel and value creation strategy. The Committee is responsible for ensuring that both new and existing products are aligned with the Company's strategic planning and risk appetite as defined by the Executive Committee and that the different guidelines in terms of Product Design and Approval Policies, Risk Management, Investment, Underwriting and Reinsurance are followed.

ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

The main objectives of the Assets and Liabilities Management Committee (ALCO) are to supervise the asset / liability matching, the investments portfolio and the market risks (namely interest rate risk, currency risk and liquidity risk). Another aim is to establish an optimal structure for the Company's balance sheet to allow maximum profitability, limiting the level of risk possible and monitoring the performance of the Company's investments in terms of risk and return and the implementation of the ALM strategy, as well market and liquidity risks.

SUSTAINABILITY COMMITTEE

The objective of the Sustainability Committee is to make recommendations and validate or provide support for decisions of the company bodies on all matters related with Sustainability, in particular in defining the strategic pillars of sustainability and monitoring Fidelidade's actions in these areas, in revising procedures and policies from the sustainability perspective and in the general assessment of performance in this area.

B.1.5. Remuneration Policy

The Remuneration Policy applicable to Fidelidade's corporate bodies is based on the following guidelines:

- It encourages effective risk management and control, avoiding excessive exposure to risk and potential conflicts of interest and ensuring coherence with Fidelidade's long-term objectives, values and interests;
- It is structured in a manner which is clear and transparent in terms of its definition, implementation and monitoring;
- It ensures total remuneration which is competitive and fair, aligned with national and European trends, in particular with the Fidelidade Group's peers;
- It includes a fixed component, adjusted to the functions and responsibility of the directors, which is adequately balanced with a variable component with a short-term portion and a medium-term portion, both subject to the performance of the individual and of the organisation, in line with the achievement of specific objectives, which are quantifiable and aligned with the interests of Fidelidade, its shareholders and also policyholders, insured persons, participants and beneficiaries.

Accordingly, the remuneration of the executive members of the management body comprises a fixed component and a variable component. The variable component is composed of a portion which seeks to remunerate short-term performance and a portion aimed at remunerating medium-term performance. The latter is awarded after the accounts for each financial year have been approved and after fulfilment of the predefined objectives has been confirmed.

The fixed component is a balanced proportion of the total remuneration, and the short and medium-term variable components are flexible proportions of the annual fixed remuneration. The executive members of the management body may not enter into contracts aimed at mitigating the risk inherent to the variable nature of their remuneration.

A range of non-remuneratory benefits are provided for the executive members of the management body, with the same conditions as those applicable to the other Fidelidade employees.

The complementary pensions and early retirement rules applicable to the members of the management body follow the same conditions as those applicable to Fidelidade employees. The Executive Board Members also have a Complementary Retirement Plan, set up through an insurance policy and the contribution of which is indexed to the gross annual fixed remuneration.

Besides those described above, there are no other remuneration mechanisms, and no other payments are provided for in the event of any removal of a director. In the event of termination of functions by agreement, the amounts involved must be approved by the Remunerations Committee.

In line with the Remuneration Policy, the members of the Supervisory Board only receive fixed remuneration. Non-executive members of the Board of Directors may or may not receive fixed remuneration for the performance of their functions, according to that decided by the Remunerations Committee, and the remuneration, if any, may be different for each of them and some may be remunerated while others are not.

The members of the Company's management and supervisory bodies do not benefit from any share allocation or stock option plans.

Fidelidade's employees are subject to the Remunerations Policy for Employees of the Fidelidade Group in Portugal. The Policy is based on the following principles:

- It is structured in a clear and transparent manner in terms of its definition, implementation and monitoring;
- It ensures total remuneration aligned with national and European trends, in particular with the Fidelidade Group's peers;
- It includes a fixed component, adjusted to the functions and responsibilities of each employee, which is adequately balanced with a variable component, subject to the performance of the individual and of the organisation, in line with the achievement of objectives which are aligned with Fidelidade's strategic objectives.

Accordingly, the employees' remuneration comprises a fixed component and a variable component, based on a Job Families model.

The variable component seeks to remunerate individual performance. It is awarded after the accounts for each financial year have been approved and after fulfilment of the predefined objectives has been confirmed.

A range of general non-remuneratory benefits are provided for employees, such as family support mechanisms, meal tickets, special conditions for insurance, and protocols providing access to special conditions at several service providers.

The complementary pensions and early retirement rules in force in the Company are applicable to all employees in general terms.

Besides those described above, there are no other remuneration mechanisms, and no other payments are provided for.

Employee resignation or termination of employment by the employer is subject to the legal mechanisms applicable at any given time.

The variable component of the remuneration of employees involved in performing tasks associated with key functions is determined in accordance with the objectives associated with their functions and not in relation to the performance of the Company or of the organic unit to which they belong.

B.1.6. Transactions with related parties

Fidelidade has adopted a set of transparent and objective rules which are applicable to transactions with related parties, which are subject to specific approval mechanisms.

All transactions with related parties were subject to control.

Operations to be performed between the Company and holders of qualifying shares or entities which are in a controlling or group relationship with them are subject to assessment and a decision of the Board of Directors, and these operations, like all others performed by the Company, are subject to supervision by the Supervisory Board.

Information on business with related parties is in the Notes to the Separate Financial Statements (Note 40) and the Notes to the Consolidated Financial Statements (Note 46).

B.1.7. Assessment of the adequacy of the system of governance

The Company considers that its system of governance is adequate for the nature, scale and complexity of the risks to which it is exposed, and complies with the requirements set out in the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance.

B.2. Fit and proper requirements

The Fit & Proper Policy currently in force, which falls within the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), aims to establish general principles for assessing whether the persons who effectively run the Company, supervise it, are its managers or perform key functions within it are fit and proper.

The fit and proper requirements assessed in the terms and for the purposes of this Policy are:

- Integrity;
- Professional Qualification;
- Independence, Availability and Capacity.

Professional qualification is assessed in the light of academic qualifications, specialist training and professional experience.

When assessing academic qualifications and specialist training, value is particularly given to knowledge obtained in the fields of insurance and general finance or in any other area which is relevant for the activity to be performed.

When assessing professional experience, the nature, size and complexity of activities previously performed is compared to those that will be performed in the future.

In the specific case of Top Management, meaning management positions with direct reporting to the executive management body, 5 years' previous professional experience is required.

In the case of key functions, the following professional qualifications are required:

	Academic Qualifications	Specialist Training	Professional Experience
Internal Audit (head)	Higher education in Business Management, Economics, Auditing or similar	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function.	Preferably 10 years' experience, but this may be less depending on qualifications, experience and relevance of this to the position.
Internal Audit (team member)	Higher education in Economics, Business Management, Engineering or other relevant areas	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate/ Masters level) in Financial Markets or similar areas is also relevant.	Preferably 2 years' experience, which may be less depending on the role the employee is performing, the seniority required and the level of responsibility to be assumed.
Compliance (head)	Higher education in Law, Economics, Business Management, Auditing or similar	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function.	Preferably 10 years' experience, but this may be less depending on qualifications, experience and relevance of this to the position.
Compliance (team member)	Higher education in Law, Economics, Business Management, Auditing or other relevant areas	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate / Masters level) in Law, Compliance, European Studies, Economics, Business Management, Information Technologies, or other similar areas is also relevant.	Preferably 5 years' experience, which may be less depending on the role the employee is performing, the seniority required and the level of responsibility to be assumed.
Risk Management (head)	Higher education in Business Management, Economics, Mathematics, Actuarial Studies, Economics, Statistics or other relevant areas	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function.	Preferably 10 years' experience, but this may be less depending on qualifications, experience and relevance of this to the position.
Risk Management (team member)	Higher education in Mathematics, Business Management, Actuarial Studies, Finance, Economics, Actuarial Science, Statistics, Sociology, Engineering other relevant areas	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate / Masters level) in Banking and Insurance Management and in Markets and Financial Assets is also relevant.	Preferably 4 years' experience, which may be less depending on the role the employee is performing, the seniority required and the level of responsibility to be assumed.
Actuarial Function (head)	Higher education in Mathematics, Actuarial Studies, Economics or Statistics or similar	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate / Masters level) in Actuarial Science is also relevant.	Preferably 10 years' experience, but this may be less depending on qualifications, experience and relevance of this to the position.
Actuarial Function (team member)	Higher education in Mathematics, Actuarial Studies, Economics or Statistics or other relevant areas	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate / Masters level) in Actuarial Science is also relevant.	Preferably 4 years' experience, which may be less depending on the role the employee is performing, the seniority required and the level of responsibility to be assumed.

In line with the Fit and Proper Policy, the scope of application of which is singular, covering the various insurance companies within the Longrun, SGPS, S.A., universe and Longrun itself, persons who effectively run the Company, supervise it, are its managers or perform key functions within it must possess and demonstrate the capacity to at all times guarantee sound and prudent management of the insurance company, with a view, in particular, to safeguarding the interests of policyholders, insured persons and beneficiaries.

For this reason, they must comply with the requirements of qualifications (fit), integrity (proper), independence and availability. Additional requirements are provided for collegiate bodies.

The following persons are subject to the assessment: members of the management body, members of the supervisory body, the statutory auditor who is responsible for issuing the statutory auditor's report and the responsible actuary.

The following persons are also subject to the assessment: persons who perform other functions which give them significant influence over the management of the Companies, Top-Level Managers, persons who are responsible for or perform risk management, compliance, internal audit and actuarial functions, representatives of the Companies' branches and, where key functions are outsourced, the internal interlocutor for those functions.

The Companies must confirm that the persons subject to the assessment fulfil the fit and proper requirements to perform their respective functions. The Policy therefore sets out the process for assessing those requirements, divided into three major areas: (1) Assessment; (2) Registration; (3) Appointment.

The Assessment Committee is responsible for assessing the fit and proper requirements of the members of the Management and Supervisory Bodies, the Statutory Auditor and the Responsible Actuary. The Assessment Committee is also responsible for assessing the heads of the risk management, compliance and internal audit functions, and also the head of the People and Organisation Division.

The responsibility for assessing other persons – top-level managers, the persons responsible for the actuarial function, branch representatives, staff who perform key functions and those responsible for important or critical functions or activities which are outsourced – lies with the People and Organisation Division.

The assessment is carried out prior to the commencement of functions (initial assessment) and continuing compliance with the fit and proper requirements is confirmed every three years thereafter (successive assessment), by means of a statement presented for the purpose by the interested party, whenever that compliance continues.

Since the appointed persons must inform the insurance company of any facts subsequent to the appointment or to the registration which change the content of the statement initially presented, an extraordinary assessment will be carried out whenever they become aware of any subsequent circumstances which may lead to the requirements not being fulfilled within the scope of their functions.

B.3. Risk management system including the own risk and solvency assessment

The risk management and internal control systems are managed by the following bodies: the Risk Management Division, the Audit Division, the Compliance Division, the Risk Committee, the Products Committee (Life and Non-Life), the Assets and Liabilities Management Committee and the Sustainability Committee.

B.3.1. Risk management system including the own risk and solvency assessment

The risk management function is part of the risk management system, and is performed by the Risk Management Division, a first-line body in the corporate structure, reporting directly to the Company's Executive Committee. This function is performed across all the Fidelidade Group's insurance companies.

The mission of the risk management function is based on defining, implementing and maintaining a risk management system which enables identification, measuring, monitoring and reporting of risks, individually or collectively, including risks not contemplated in the solvency capital requirement, enabling the Executive Committee and the various Divisions involved to incorporate this knowledge into their decision-making process.

The activities carried out by the Risk Management Division, in 2023, were fundamentally based on the enhancement and consolidation of several matters related with the three solvency pillars, and technical aspects and certification of information produced within this scope.

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The following activities can be highlighted:

- Conducting the annual own risk and solvency assessment (ORSA) and reporting the results to the ASF in the respective supervisory report;
- Preparing and sending annual information, with reference to 31 December 2022, incorporated in the Quantitative Reporting Templates (QRT), which has been subject to certification by the statutory auditor and the responsible actuary pursuant to the regulations issued by the ASF, and also the Regular Supervisory Report;
- Reporting to the ASF and publicly disclosing the Solvency and Financial Condition Report relating to 31 December 2022, accompanied by certification by the statutory auditor and the responsible actuary;
- Preparing and sending the quarterly quantitative reporting under Solvency II.

It is also important to mention the activities related with the review of the system of governance, namely, the review and maintenance of policies and the review of processes and data quality, with the review of the Risk Appetite Framework and the conducting of the ROCI Cycle – 2023.

B.3.2. Risk management processes

The following sub-paragraphs describe the Company's risk management processes for each category of risk, including how these are identified, monitored and managed.

B.3.2.1. Strategic Risk

The Fidelidade Group's medium to long-term strategy is defined on the basis of analysis and discussion in a broad forum, in which reflection is encouraged on the Group's position in the various lines of business, considering the broader evolution of the external macroeconomic situation, the insurance sector and the Group's main stakeholders. The results of this reflection are supported and summarised on key tools and outputs such as the long-term Business Plan and the selection of strategic Imperatives and Orientations.

The Company's strategy is executed by means of a chain of responsibilities beginning with the Executive Committee, which defines the high-level strategic objectives, and then passing to the heads of each Division, who establish strategic objectives for their sphere of action and propose a plan of initiatives to achieve those objectives. The execution of the strategy ends with the Company's employees, who seek, on a daily basis and within the scope of their functions, to achieve the proposed objectives by carrying out the prioritised initiatives.

The strategic decisions taken by the Company are based on well-defined processes of approval and of implementation and monitoring, which have proved to be both effective in terms of implementing the strategy and adequate as a reaction to external factors which may affect the Company's activity.

B.3.2.2. Underwriting Risk – Product Design and Pricing

The Business Divisions are responsible for managing and assessing this risk. The Business Divisions ensure the technical development of new products, or reformulation of existing ones, including defining their technical characteristics and technical documentation, establishing their prices, which, in the Non-Life lines of business, is done in conjunction with DET (the Statistics and Technical Studies Division), drawing up rules for delegation of powers and underwriting policies, and drawing up technical information to support the sales activity.

For each product, there is a process of identifying the needs which are intended to be met, bearing in mind the target market, considering the benefits and risks, relating to internal or external factors, including sustainability risks, and defining the Company's strategic objectives which are intended to be achieved with its launch / reformulation.

The launch of new products, reformulation of existing ones and pricing updates are approved in advance by the Products Committee (Life and Non-Life).

When a new product is launched, or when significant changes are made to the characteristics of existing products, training programmes and communication plans are scheduled with the aim of introducing the product to the commercial networks, emphasising, in particular, its characteristics and the underwriting policies that have been defined.

Analyses are periodically undertaken of products/prices, and also of the composition and behaviour of the respective portfolios, with the purpose of assessing how adequate they are in terms of contractual conditions versus profitability. A Value for Money assessment of the products is also carried out bearing in mind the target market.

B.3.2.3. Underwriting Risk – Underwriting

The Business Divisions are responsible for managing and assessing the risks associated with underwriting the Company's products, and the acceptance of risk is delegated to the sales areas and/or distribution channels in situations where knowledge of the risk is high and the technical risk is low.

The aim of the Company's General Underwriting Policy is to classify the risks according to the level of exposure to and knowledge of the risk. This policy takes the form of underwriting rules and delegation of available competences.

The Company has an Underwriting Policy Acceptance and Supervision Committee, the mission of which is to analyse and accept risks the acceptance of which, as defined in the Underwriting Policy, is not delegated to the Business Divisions.

The Business Divisions are responsible for underwriting risks the acceptance of which is not delegated.

The Business Divisions monitor sales of the products within the defined target market and in line with the underwriting policy.

In order to guarantee that the underwriting policy is properly implemented, in the products' sales phase, the Operations and Procurement Division (DOP) and the Non-Life Business Divisions, in the case of Non-Life products, and the Life Business Divisions, in the case of Life products, check compliance with the underwriting rules defined. Besides this check, the Business Divisions and the Statistics and Technical Studies Division, in the case of Non-Life products, regularly monitor the adequacy of the underwriting policies, by means of statistical indicators of the portfolio's development, the drawing up of risk profiles and occasional analyses of contracts.

There is a system of Portfolio Selection and Checking which occurs monthly, aimed at checking and monitoring customers in the portfolio, in order to safeguard profitability of the business.

There is also a process to monitor underwriting quality, which seeks, on one hand, to identify situations of false declarations or omission of declarations in the issue of contracts and, on the other, to rectify these situations, ensuring articulation between all those involved: the Business Divisions, Commercial Divisions and Operations and Procurement Division. This monitoring process, which seeks to assess irregular types of behaviour, is performed weekly and is mainly supported by cross-referencing with sources of external or internal historical data and identifying anomalous patterns.

B.3.2.4. Underwriting Risk – Reserving

The Company's Provisioning Policy establishes the methodologies for calculating provisions, broken down by line of business and in accordance with the obligations to be estimated. Accordingly, different provisions methodologies are defined for each line of business, based on recognised actuarial methods.

In order to guarantee the reliability of the information used in the process for establishing provisions for the Company's obligations, the quality of the information is validated by reconciling the accounting information with the operational information.

Alongside this process, an analysis is conducted, for the Life segment, of the provisions set up, considering the methodologies used for calculating the provisions and the insurer's historical experience relating to each of the obligations, and compliance with the rules in force regarding the calculation of provisions is also validated. Forecasts are made annually of the technical results for the different lines of business with the aim of assessing the adequacy of the technical bases in force.

For the Non-Life segment, the Company also regularly assesses compliance of the provisions by analysing the obligations in terms of uncertainty, length of contract, nature of claims and expenses with settlement of claims. Compliance with the rules in force regarding the calculation of provisions is also validated. In addition, a range of micro and macro-economic scenarios are used to confirm the adequacy of the amount of the provision.

B.3.2.5. Underwriting Risk – Claims Management Processes

The Business Divisions are the main players in the management and assessment of risk associated with the Company's claims processes.

The Company's Claims Management Policy is formalised in procedures manuals of the divisions responsible for its management, namely, the Business Divisions, and compliance with it is guaranteed by rules defined in the claims management systems and by the configuring of the profiles allocated to each user of those applications.

In order to promote better following up of claims management, regarding claims which are slow or complex to resolve, time limits are defined for settlement. If these are exceeded, the claims are sent for analysis by specialised sectors. In addition, in business areas which have time limits established by law, the operating systems have an important set of alarm features that guarantee that management is warned when those time limits are becoming critical.

Regular statistical information is prepared on this matter to ensure control of the time limits for settling claims and supervision of those which are covered by reinsurance treaties.

B.3.2.6. Underwriting Risk – Reinsurance and Alternative Risk Transfer

The Reinsurance Division negotiates and manages reinsurance treaties, closely accompanied by the Executive Committee, which approves the conditions negotiated prior to their acceptance.

As part of the monitoring of this risk, the Reinsurance Division carries out constant follow-up of the treaties, manages the run-off portfolio, controls risk peaks and periodically analyses the technical results by treaty. In order to study annual and multi-annual trends, these analyses include a comparison with the information relating to previous years (minimum 5 years), thus allowing the evolution of the reinsurance technical results to be monitored. This information is used for subsequent negotiations with the reinsurers.

In terms of the Company's Reinsurance Policy, the Reinsurance Division operates in line with the objectives and strategic guidelines defined in conjunction with the Executive Committee and based on an analysis of business needs conducted with the technical and actuarial areas.

The Reinsurance Policy is implemented by the Reinsurance Division, with the drawing-up of proposals, negotiation of treaty conditions, approval of these and their signing and renewal, and monitoring and follow-up of the various reinsurance contracts existing in the Company.

B.3.2.7. Market Risk

The Company's objectives, rules and procedures on market risk management are governed by means of its Investments Policy, which is revised annually.

The Investments Policy defines:

- The main guidelines for managing investments and how the Company assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- Activities related to the Company's investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- The duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Company's investment process.

Considering these aspects, the Company's investment management cycle is composed of the following critical activities:

- Defining – Defining and approving the general investment management cycle, including the global investment strategy, investment policies, asset and liability management (ALM) and liquidity management, and strategic asset allocation (SAA);
- Investing – Performing all investment activities, in line with the strategies and policies defined (identifying, assessing and approving investment opportunities, and placing, settling and allocating investments);
- Monitoring – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- Managing – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/expectations and internal risk capacity;
- Controlling – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.

B.3.2.8. Counterparty Default Risk

The Company is essentially exposed to Counterparty Default Risk when selecting and accompanying investments in the different classes of assets and also reinsurers.

Securities issuers are assessed in order to measure their credit quality. This assessment uses various quantitative and qualitative data, including information on their rating, and evaluates the portfolio's compliance with the limits of exposure to this issuer defined in the Investments Policy.

The analysis by investment essentially derives from the selection grid at the time of the asset purchase defined in the Investments Policy, in order to protect insured persons through restrictions on the use of the Company's assets. However, the risk is constantly monitored, and an effort is made to follow the opinions / outlooks of the international ratings agencies so as to prevent a decline in the rating of the securities held. On the other hand, establishing internal limits by class of asset, rating, duration, industry, geography and currency, and not authorising situations of risk accumulation, means that proper spreading of risk can be guaranteed over time.

Regarding reinsurance, decisions concerning the selection of reinsurers are taken in line with the Reinsurance Policy, which only authorises contracts with reinsurers with a minimum credit rating of "A-" or in line with the exceptions defined in the Reinsurance Policy.

B.3.2.9. Concentration Risk

Management of this risk is connected with the processes for managing other risks, since it is transversal to the different areas.

In order to follow the portfolio's level of exposure to the various sources of concentration risk mentioned, the Business Divisions conduct periodic qualitative analyses of the portfolio.

As part of the Company's underwriting policies, procedures are defined which aim to mitigate Concentration Risk, in particular, when situations are detected in which there are two or more policies which cover risks situated at a location considered to be a common risk, these are classified as situations of risk accumulation and require a specific analysis.

Apart from some exceptions related with the nature of some businesses, the acceptance of Life Risk risks – and the reinsurance of these – takes into account the capital accumulation per entity. Special attention is also given to the underwriting of high capitals per contract or person, and measures are adopted to limit the risk (limiting capitals and/or covers and/or using risk transfer instruments).

Regarding the Concentration Risk associated with investments, as previously stated, the Investments Policy in force defines different exposure limits namely by class of assets, rating, duration, industry, currency and geography. These limits are revised annually and amended when necessary.

Management of this risk associated with reinsurers requires the Reinsurance Division to produce an annual report with a summary of the Company's reinsurance treaties for the following year, plus a summary of the conditions of these treaties and the percentages of exposure to each reinsurer, organised by lines of business, in order to comply with the Reinsurance Policy.

B.3.2.10. Liquidity risk

In a short-term perspective, responsibility for managing investments liquidity is given to the Investments Division.

The Company's aim in terms of liquidity is a treasury capable of managing all of the Company's funding needs (cash outflows) in an appropriate timeframe, without resorting to credit or unplanned selling off of assets, and particularly the capacity to generate significant liquidity in a short space of time. In a short-term perspective, the Company also takes into account the cash-in from the investment portfolio and the sales forecasts for financial products being marketed.

In a medium / long-term perspective, the Company conducts a monthly ALM analysis of the liabilities and assets linked to the Life and Non-Life segments.

The analyses performed cover the interest rate gap, considering the yield to maturity and the modified duration of the liabilities and of the respective assets, including the convexity effect, and short and long-term cash flow matching.

This analysis also includes a comparison between the liquidity-generating capacity and the estimated cash flow.

The articulation between functions related to investment, asset and liability management and liquidity is established in the Company's Investments Policy.

In relation, specifically, to Asset and Liability and Liquidity Management processes, in 2023 the Company approved a review of the Asset and Liability and Liquidity Risk Management Policy (the ALM and Liquidity Policy).

Together with the Investments Policy, this Policy describes the strategy for managing financial risks, insurance risks and liquidity risks, in the short, medium and long term, in a context of asset and liability management.

In this way, the ALM and Liquidity Policy seeks to guarantee alignment between assets and liabilities, with a particular focus on maximising return and minimising interest rate risk and liquidity risk.

Taking these aspects into consideration, asset and liability management must be performed, on the one hand, as a risk mitigation exercise and, on the other, as part of the Company's decision-making structure, formulating strategies related with its assets and liabilities. It is therefore composed of the following critical activities:

- Defining – Defining and approving the asset and liability and liquidity management strategy;
- Monitoring – Monitoring the evolution of cash flow matching and different metrics associated with asset and liability management, producing monthly and annual reports;
- Managing – Reviewing the objectives and limits set out in the ALM and Liquidity Policy in line with current and future market conditions/expectations and internal risk capacity;
- Controlling – Ensuring compliance with the asset and liability management strategy, limits, procedures and responsibilities assigned.

B.3.2.11. Reputational risk

Management of the Company's Reputational Risk is fundamentally based on:

- The existence of a function responsible for corporate communication and media relations;
- The existence of a brand communication function;
- The function of customer complaints management, which includes providing management information to the heads of the different Company Areas and the Executive Committee;
- Planning and monitoring of the Company's Human Resources;
- The Corporate Social Responsibility programme.
- The existence of a Sustainability Division.

In addition, being aware of the growing importance of reputation for an organisation's standing and success, the Company also set up a Communication Coordination Committee, which meets regularly and is led by the Chairman of the Executive Committee, in order to better articulate all of the Company's internal and external communication flows.

The activities conducted within this scope have produced results as demonstrated by the various awards the Company has received for service excellence / customer satisfaction.

A focus on operational excellence and service quality has long been a priority for the Fidelidade Group and has a strong impact in terms of customer satisfaction. As a result of this effort, the Fidelidade Group's skill in these areas has been noted, and is identified and recognised by customers.

Fidelidade is proud to have consolidated its leadership as the best insurer in Portugal and to have been recognised on several occasions as a reference brand for the Portuguese. It is the insurance company that has won the most awards in Portugal.

These results are the fruit of continual work. They are a consequence of the innovative products and covers that the Fidelidade Group has developed, thinking about people's real needs and the commitment to giving customers exemplary service and accompanying them closely when they need it most.

RECOGNITION

In 2023, the Fidelidade Group In 2023, the Fidelidade Group continued to be recognised by consumers, partners, and entities in the sector, which demonstrates the relevance of its work in a wide range of areas. A commitment to excellence, which is a distinctive factor in a global market, in which the awards and recognitions achieved demonstrate the Group's focal alignment with the needs and expectations of its stakeholders in each geography.

REPUTATION

Trusted brand

For the 22nd year running, Fidelidade was voted a Trusted Brand in the "Motor Insurance" and "Life and Property Insurance" categories. This award demonstrates Fidelidade's responsibility and commitment to consumers, through continuous evolution of services and products, which follow the main trends and respond to customer needs. Multicare was also recognised for the seventh consecutive year in the "Health Insurance" category.

Consumer's Choice

Among the 11 insurance brands evaluated, Fidelidade won the Consumer's Choice award for the ninth consecutive year in the "Insurance" category. Rapid response services in the event of an accident, customer support and clear information were the characteristics most valued by consumers. Multicare was distinguished as the Consumer's Choice for the fourth consecutive year in the "Health Systems" category, with the clarity of the information provided, trust in the brand and the breadth of coverage being the most recognised features.

Fidelidade also received the Excellentia Consumer's Choice 2023 award and was recognised as the company that follows the best customer-centric organisational practices.

Prémio Cinco Estrelas (Five Star Award)

Fidelidade received the Cinco Estrelas 2023 award, which is an evaluation system that measures the degree of user satisfaction with products, services, and brands, according to criteria such as satisfaction through experimentation, value for money, intention to purchase or recommendation, brand trust and innovation.

Superbrands

Fidelidade and Multicare were once again distinguished as "Top of Mind" brands of excellence, highlighted by their proximity, trust, affinity, satisfaction, and notoriety.

Prémios Eficácia (Effectiveness Awards)

The Effectiveness Awards recognise the joint work of advertisers and their agencies, based on the measured and proven effectiveness of communication campaigns.

In the ninth edition, the "Fidelidade Pets Ecosystem" project was awarded the gold prize in the following categories: "Connected Ecosystems & Marketplaces", "Financial Services and Insurance", "Low Budget, Commerce & Shopper" and "Activation and Sponsorships".

The “Fidelidade a Todas as Idades” (Fidelidade at All Ages) communication campaign won three awards: gold in the "Financial Services and Insurance" category, silver in "Institutional Communication" and bronze in "Creative Media Use". This campaign reinforced the Group's position of prioritising people and its intention to be present during the various challenges that arise throughout their lives, focusing on issues such as savings, health, property and assistance, and actively working towards sustainable longevity in the community.

APCC Best Awards

Fidelidade and Multicare were honoured by the APCC Best Awards for the sixth consecutive year in the "Insurance and Assistance" (silver) and "Health" (gold) categories. This initiative rewards organisations that stand out most because of their implementation and adoption of good organisational practices in contact centre activity in Portugal, in terms of strategic, operational, and technological management and human capital, and that contribute to the recognition and appreciation of the sector in general.

Marketeer Award

Fidelidade won the Marketeer award in the "Insurance" category, which honours the work done by the Group in creating a coherent image and clear communication of the services and products offered and the support provided to customers.

Human Resources Awards

In the 12th edition of the Human Resources awards, Joana Queiroz Ribeiro, Director of People and Organisation at Fidelidade, was once again named "Best Human Resources Director". Fidelidade won in the categories "Senior Management/Active Ageing & Preparation for Retirement" and "Best Company-Personal Life Balance, Flexibility, Well-being and Happiness”.

Randstad Employer Brand Research

A representative study of employer branding based on the perceptions of the general public resulting from an independent survey of almost 163,000 participants and 6,022 companies from all over the world. Professionals value five essential factors when choosing an employer: attractive salary package, work-life balance, pleasant work environment, career progression and professional stability.

Fidelidade was recognised in 2023 as the most attractive company to work for in the insurance sector in Portugal.

Best Reputation in Industry

Fidelidade and Multicare were distinguished as Best Reputation in Industry 2023 brands. This award is given by OnStrategy as part of a study carried out among a group of more than 50,000 people. For the second year running, Multicare was highlighted among a group of 2,000 brands for its positioning, emotional value, and reputation.

Best Workplaces

Fidelidade was recognised as one of the best companies to work for in Portugal, coming fifth in the Great Place to Work ranking for 2023, while Multicare came sixth.

This is the first time that the two companies have been considered "Best Workplace". According to Great Place to Work, this distinction is given to all the people in an organisation who inspire others to create and maintain excellent work environments.

In addition to Fidelidade and Multicare, Great Place to Work has also certified Via Directa, GEP, FPE, EAPS, CETRA and CARES.

Best Non-Life Insurer and Best Insurer for Brokers

In 2023, Fidelidade was recognised by the National Association of Insurance Brokers and Mediators (APROSE) as "Best Non-Life Insurer" and "Best Insurer for Brokers", for the excellence of its services and products.

COMPLAINTS MECHANISMS

The Group has complaints mechanisms for its customers, which can be used by policyholders, insured persons, beneficiaries and injured third parties to submit complaints[9] regarding Fidelidade's actions. In Portugal, the Fidelidade Group's insurance companies manage complaints processes quickly and efficiently, through a specific unit within the company for the purpose – the Complaints Management Centre (CGR) – which acts as a hub for receiving and responding to complaints. This unit is duly identified both internally and externally and follows a specific complaints procedure:

Complaints can be submitted directly to the Fidelidade Group insurance companies or through other bodies, namely the Insurance and Pension Funds Supervisory Authority (ASF), in writing or using any other means that generates a written or recorded record, to the reception points available to the public on the websites of each company in the insurance group. Complaints may also be sent to any Fidelidade establishment, agency or intermediary, submitted in the physical or electronic Complaints Book, or sent to the Customer Ombudsman.

[9] In line with the laws and regulations in force, a "complaint" is deemed to be any expression of disagreement with the position taken by the insurance company or of dissatisfaction with the services provided by the insurance company, as well as any allegation of possible non-compliance, presented by policyholders, insured persons, beneficiaries or injured third parties.

B.3.2.12. Operational Risk

Procedures are implemented specifically for managing both operational risk and internal control, namely:

- Documentation and classification of existing control activities, linking them to the risks previously identified in the business processes;
- Decentralised recording of events and subsequent losses, including near misses, resulting from risks associated with the business processes, and also own assessment of risks and control activities.

This risk is discussed further in Chapter B.4.1. Information on the internal control system.

B.3.3. Own risk and solvency assessment

The Company has an ORSA Policy with the aim of establishing the general principles for the own risk and solvency assessment regarding:

- Processes and procedures;
- Functions and responsibilities;
- Criteria and methodologies;
- Reporting;
- Articulation with the strategic management process and use of the ORSA results.

According to the Policy, the ORSA aims to provide a level of security which is acceptable to the Company's Executive Committee regarding compliance with the strategic objectives, within the framework of the risk appetite established.

Accordingly, considering the risk appetite defined, the ORSA seeks to provide a prospective vision of the capacity of the Company's available capital to support different levels of risk, resulting both from strategic decisions and from scenarios involving external factors.

The ORSA is, therefore, an integrated process in the Company's strategic management, which enables a global vision to be gained on a regular basis of all the relevant risks which are a threat to the pursuit of the strategic objectives and the consequences of these in terms of (future) capital needs.

This process also contributes to promoting the Company's risk culture, by measuring the risks the Company is exposed to (including those not considered in the capital requirements), introducing the concept of economic capital in the management processes and communicating the risks, thereby allowing those receiving this information to incorporate this knowledge into their decision making.

In order to comply with these objectives, the ORSA process is divided into five major activities: (1) definition of the business strategy and risk appetite; (2) global solvency needs assessment; (3) stress tests and analysis of scenarios; (4) prospective assessment of the global solvency needs; (5) reporting. In addition to these five major activities, a further activity is defined: continual monitoring of the Company's solvency position.

The Executive Committee is responsible for steering the entire ORSA process, including approving it. The CRO (the member of the Executive Committee responsible for risk management) and the Risk Committee are responsible for regularly monitoring the ORSA process, by means of regular monitoring meetings. The Risk Management Division and the Strategic Planning and Business Development Division are involved in carrying out the process.

When performing the ORSA, the Company begins by conducting an assessment (which is qualitative and, whenever so justified, quantitative) of the possible differences between the Company's risk profile and the assumptions underlying the calculation of the SCR using the standard formula.

The global solvency needs are then calculated taking into account the Company's risk profile. The concept of Economic Capital is used to produce this calculation, which is based on the standard formula for calculating the solvency capital requirement (SCR), and the changes that the Company deems relevant to better reflect its risk profile are introduced. In this process, all the risks that the Company is or may be exposed to are identified. These risks are assessed quantitatively and/or qualitatively.

As a complement to the assessment of the global solvency needs, a series of stress tests and sensitivity analyses are planned in order to validate the defined strategy in extreme scenarios.

To provide a prospective vision of the Company's risk profile and, consequently, of its global solvency needs, forecasts are produced, for a time period which coincides with the period defined in strategic planning, of the Company's financial position, the result of its operations, the changes in its own funds and its solvency needs.

The ORSA is conducted annually and may also be carried out extraordinarily in certain situations. Reports are produced both for the supervisor and for internal use.

Also within the scope of the ORSA process, continual assessment is carried out of the regulatory capital requirements and the requirements applicable to the technical provisions. This consists of the production of a monthly report containing the estimated Solvency II position, adjusted by the effect of capital optimisation measures in progress or being studied.

The ORSA plays a key role in the Company's management, and the results obtained from it are taken into consideration in the Company's Risk Management, in Capital Management and in Decision Making.

One of the key elements of the ORSA is to identify and measure the risks to which the Company is exposed and project their evolution for the period under analysis.

Therefore, based on the results obtained, the Company defines possible actions to be taken:

- Assuming the risks;
- Taking additional mitigation measures (controls/ capital, etc.);
- Transferring the risks; or
- Eliminating activities which lead to risks which the Company is not willing to run.

The ORSA also provides support for the main activities related with Capital Management, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business strategy and capital management strategy;
- Contributing to the commencement of the strategic planning process, through the performance of a capital adequacy assessment in the most recent period, involving both regulatory capital and economic capita;
- Monitoring capital adequacy.

Considering the results obtained in the ORSA, and if the capital requirements are not in line with those defined, both in regulatory terms and in terms of other limits defined internally, the Company defines the corrective actions to be implemented, in order to restore the adequate/intended level of capital.

B.4. Internal control system

B.4.1. Internal control system

The Risk Management Division is responsible for managing operational risk and the Company's internal control system.

In turn, the Audit Division is responsible for assessing the adequacy of the system of operational risk management and the internal control system, in order to report fragilities / deficiencies detected and make recommendations for their improvement.

Management of the Company's operational risk and its internal control is performed according to the following flow diagram:

<u>BUSINESS PROCESSES</u>

All the Company's business processes are documented considering a pre-defined "tree" of processes containing three levels (macroprocess; process; sub-process) that represent the activities of an insurance company.

Documentation and updating of the Company's business processes are a requirement for the risk management and internal control systems.

<u>RISKS AND CONTROLS</u>

For the documented business processes, the significant risks to which they are exposed are identified, classified in line with a pre-defined risk matrix. Existing mitigation mechanisms (controls) are identified for these risks.

The risks and controls existing in the Company are thus documented and characterised.

<u>ASSESSMENT</u>

To assess the Company's operational risk, quantitative information is collected on the risks previously identified by means of own assessment of risk questionnaires and the recording of loss events and subsequent losses.

The assessment of the internal control system is supported by a process of own assessment of the controls, which occurs by means of responses to questionnaires. These questionnaires aim to assess the effectiveness of the controls in mitigating risk.

It is important to mention that the various Company Structural Bodies are responsible for enhancing the risk management and internal control process, in order to ensure that the management and control of operations is performed in a sound and prudent manner. They are also responsible for ensuring that documentation on the business processes, respective risks and control activities exists and is up to date.

B.4.2. Information on activities performed by the Compliance Function

The Compliance Division performs functions related to management of Compliance risks, including, among others, the risk of money laundering and terrorist financing, and also the risk of faults in personal data processing and protection. The Compliance Division is a structural body, with functional independence, which performs key functions within the system of Risk Management and Internal Control.

The Compliance Division's mission is to define, implement and maintain a Compliance risk management cycle, contributing so that the management bodies, management structure and staff of the Group Companies comply with the legislation and standards in force at a given time, both externally and internally, and with the guidelines of the national and international supervisory bodies, in order to avoid situations of non-conformity that may harm the Group companies' image and their reputation in the market, and/or that may give rise to financial losses.

In 2023, the Compliance Division carried out a significant number of initiatives with the aim of strengthening the internal control mechanisms and safeguarding an adequate level of compliance with the legislation and standards in force at any given time, both externally and internally:

Compliance Topic	Brief Description
Analysis of regulatory amendments	Assessment of the potential impacts of new regulations, contributing in this way to timely adaptation to new requirements and obligations and managing the Company's reputational risk.
Communication and Training	Designing and implementing a communication and training plan to increase awareness and build capacity among employees on the various Compliance topics.
International governance model	Implementation/ improvement of control processes relating to money laundering prevention, bribery and corruption, product analysis, advertising tools and data protection in the Company's subsidiaries and branches.
Anti-money laundering and counter-terrorist financing	Improvement of control tools for filtering counterparties and monitoring operations, and in Know Your Counterparty (KYC) processes within the scope of investment processes. Designing and developing training content (e-learning).
Prevention of bribery and corruption	Implementation of a programme to identify, assess and mitigate risks related to bribery and corruption. Development and communication of the Anti-bribery and anti-corruption policy.
Analysis of products and advertising and marketing tools	Consolidation of methods to follow products' management life cycle – Compliance By Design – including the process for checking compliance with regulatory requirements on the subject of advertising in the insurance sector.
Prevention of anti-competition practices	Implementation of a programme to identify, assess and mitigate risks related to anti-competition practices.
Data protection	Consolidation of the method for identifying, assessing and mitigating risks linked to data protection. Designing and developing training content (e-learning).

The Compliance Policy establishes the strategy, mission, governance, types of risks and the processes associated with the exercise of the Compliance function in the Fidelidade Group, and is duly formalised and available to all employees in the internal communication channels.

B.5. Internal Audit Function

As stated above, the internal audit function is given to the Audit Division, which is a first-line body in the corporate structure, reporting directly to the Company's Board of Directors. Its mission is to guarantee assessment and monitoring of the Company's risk management and internal control systems. Its general purpose, therefore, is to contribute to creating value and improving circuits and procedures, seeking to increase the effectiveness and efficiency of operations, the safeguarding of assets, trust in the financial reporting and legal and regulatory Compliance.

The rules and principles that the Internal Audit function must obey are established in the Internal Audit Policy, which was revised in September 2023.

This Policy sets out the competence and scope of intervention of the internal audit function, which is performed by the Audit Division within the scope of the Fidelidade Group's insurance undertakings.

Three mechanisms are used to preserve the independence, impartiality and objectivity of the internal audit function. Firstly, persons who perform the internal audit function are not responsible for any other operational functions. Secondly, the internal audit function communicates its conclusions directly and exclusively to the Chairman of the Board of Directors. Lastly, all the audit work carried out, in particular the conclusions obtained and the recommendations issued, is duly documented and filed. In 2023, the implementation of the internal audit module of the Corporate Governance software application used by the Risk Management Division and the Compliance Division was concluded. This allows the audit work performed and its conclusions to be documented, as well as monitoring of the level of implementation of the recommendations made. The application also enables the audit reports to be made available to all relevant parties.

To perform its function, the Audit Division has access to all the structural bodies, and to all the documentation, and the management bodies, top-level managers and staff of the various insurance companies must cooperate with the Audit Division, providing it with all the information they have and that is requested of them.

The internal auditors, for their part and in the performance of their functions, must follow the deontological principles set out in the Internal Audit Policy, in particular those of independence, integrity, confidentiality, objectivity and competence. The Policy also rules on the reporting of conflicts of interest.

Regarding the audit process, there are definitions of the types of internal audit, modes of intervention (in person and at a distance) and the scope of auditing activities (global or sectorial) which must be included in the annual audit plan to be submitted for the appreciation of the Board of Directors.

When performing the internal audits, the auditors must observe the procedures established in the Policy regarding the naming of the team, the establishment of the audit schedule and the preparation and conducting of the audit.

In terms of reporting, principles are set out which must govern the drawing up of the reports, their minimum content, the persons to whom they are addressed and the type of reports (preliminary report and final report). There are also provisions on internal audit's monitoring of the application of any improvement actions proposed, with the production of follow-up reports whenever justified.

Lastly, the Audit function is responsible for producing the Annual Audit Report, which contains an analysis of compliance with the Annual Audit Plan, identifies the work undertaken and provides a summary of the conclusions obtained and recommendations issued. The Annual Audit Report is submitted to the Chairman of the Board of Directors for analysis.

B.6. Actuarial Function

Due to the nature, complexity and scale of the Company's portfolios, the actuarial function is subdivided into life actuarial and non-life and health actuarial.

The actuarial function coordinates and monitors the calculation of the technical provisions according to the financial statements, and, for such purpose, assesses both the methodologies applied and the amounts set out in the financial statements.

When calculating the technical provisions, the ASF rules are observed, namely regarding the identification of the obligations to be accounted for and the calculation methods to be observed.

The actuarial function involves the calculation of the technical provisions for solvency purposes, with calculation of the best estimate and risk margin.

The calculations are made as part of the reporting to the ASF, evolution over time is analysed and comparisons are made with the statutory reporting amounts, and any differences are identified and documented.

The actuarial function reports regularly to the Executive Committee on the results obtained from monitoring the provisions levels.

The Life and Non-Life actuarial functions produce annual actuarial reports related to the annual period being analysed.

The information used by the actuarial function is subject to validation processes which include, among others, comparisons with previous positions and with the statutory reporting amounts, and any divergences are identified and justified, and, if necessary, corrected.

The actuarial function monitors the prospective valuation of the technical provisions for solvency purposes, assessing its reasonableness, taking into account the strategic objectives assumed by the Company, the factors for converting the valuation of the obligations in the financial statements to their valuation for solvency purposes and the application of measures, either regulatory (transitional deduction to technical provisions) or management measures (changes in the contract boundaries of group risk life insurance contracts and changes in the characteristics and guarantees of new products sold in the life savings segment).

There is a policy for designing and approving new products and for reformulating existing ones, which sets out the actuarial function's articulation with the business and marketing areas which are responsible for proposals for new products and respective specifications. The same applies to changes to existing products, where the actuarial function intervenes by giving its opinion on the proposed changes.

The actuarial function provides support to the reinsurance area in the negotiation of reinsurance treaties, providing information with risk and profitability metrics and sensitivity analyses and portfolio statistics, and monitoring the evolution of the reinsurance treaties, including their conditions in the actuarial analyses conducted. The adequacy of the treaties for the Company's obligations is subject to actuarial analysis.

B.7. Outsourcing

B.7.1. Outsourcing Policy

In line with the Outsourcing Policy, the scope of application of which is singular, covering the various insurance companies within the Longrun SGPS, S.A., universe, general principles are established which are applicable to the outsourcing of critical or important functions or activities, and the main process activities leading to their contracting either from within the group or outside of it: (1) Identification and documentation of the critical or important functions or activities, (2) Selection of the service provider; (3) Contract formalisation; (4) Notification to the ASF.

Insofar as the Companies maintain full responsibility for any functions or activities which may be outsourced, definitions are provided of the main aspects to be implemented related with the monitoring inherent to the outsourced function or activity, and the responsibilities of each of the participants are identified, both in the outsourcing process and in the subsequent monitoring of the service provider.

The Outsourcing Policy also establishes the principles and process applicable to new outsourcing of critical or important functions or activities.

B.7.2. Outsourced critical or important functions or activities

Of the range of functions or activities considered critical or important that are outsourced in the Company, of note are the activities related with asset management regarding, on the one hand, a Senior Secured Loans portfolio and, on the other, four Investment Grade Fixed Income Securities portfolios plus a series of unit-linked portfolios managed by three external providers.

The jurisdictions of the providers of these services are located in Portugal, Ireland, the United Kingdom, Luxembourg, Germany and Hong Kong.

Among the functions outsourced outside the group, of note are the Contact Center management and operation services, provided in Evora and Lisbon, at the premises of a service provider with its registered office in Portugal, and the management and operation services provided by Data Centers, in Evora, Lisbon and Porto, by service providers with their registered offices in Portugal.

Also of note is the outsourcing of Microsoft Applications services, housed in a cloud infrastructure and the respective maintenance, updating, performance monitoring and information security control services. The service is provided by Microsoft Ireland Operations Limited, with its registered office in the Republic of Ireland.

Lastly, services for the clinical management of personal accident claims in sports insurance are outsourced to Trueclinic, with its registered office in Porto.

B.8. Any other information

There is no other material information relating to the Company's system of governance.

C. Risk Profile

Risk management is an integral part of the Company's daily activities, and an integrated approach is applied in order to ensure that the Company's strategic objectives (customers' interests, financial strength and efficiency of processes) are maintained.

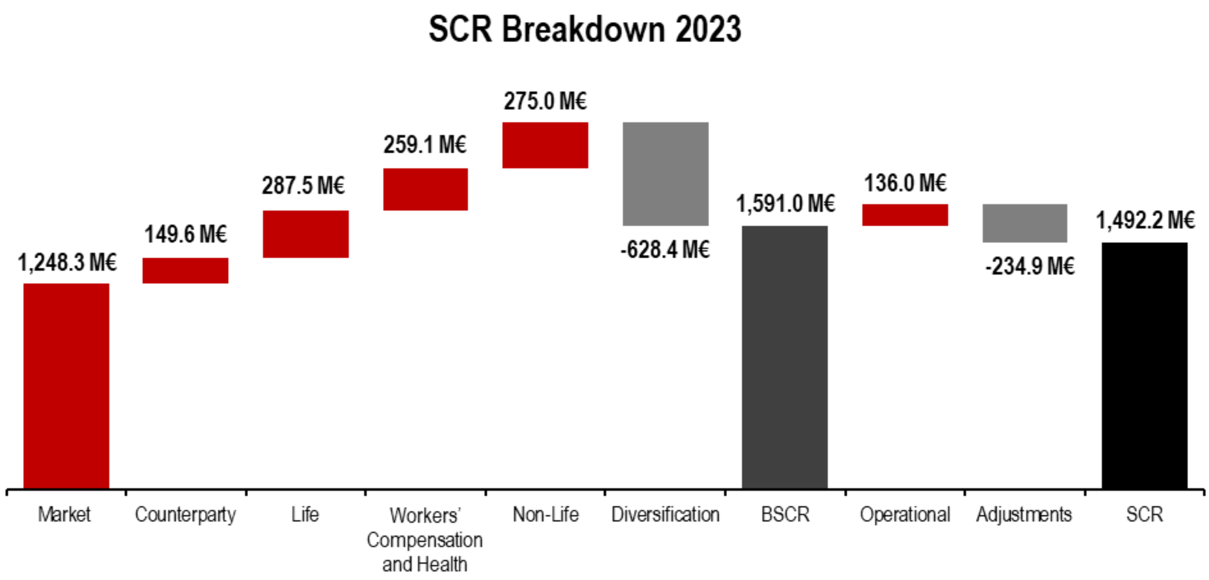
On the other hand, this integrated approach ensures value creation via the identification of adequate balance between risk and return, simultaneously guaranteeing the Company's obligations to its stakeholders.

Risk management assists the Company in identifying, assessing, managing and monitoring risks, in order to ensure that adequate and immediate measures are adopted in the event of material changes in the Company's risk profile.

Accordingly, to outline its risk profile, the Company identifies the various risks to which it is exposed and then assesses these.

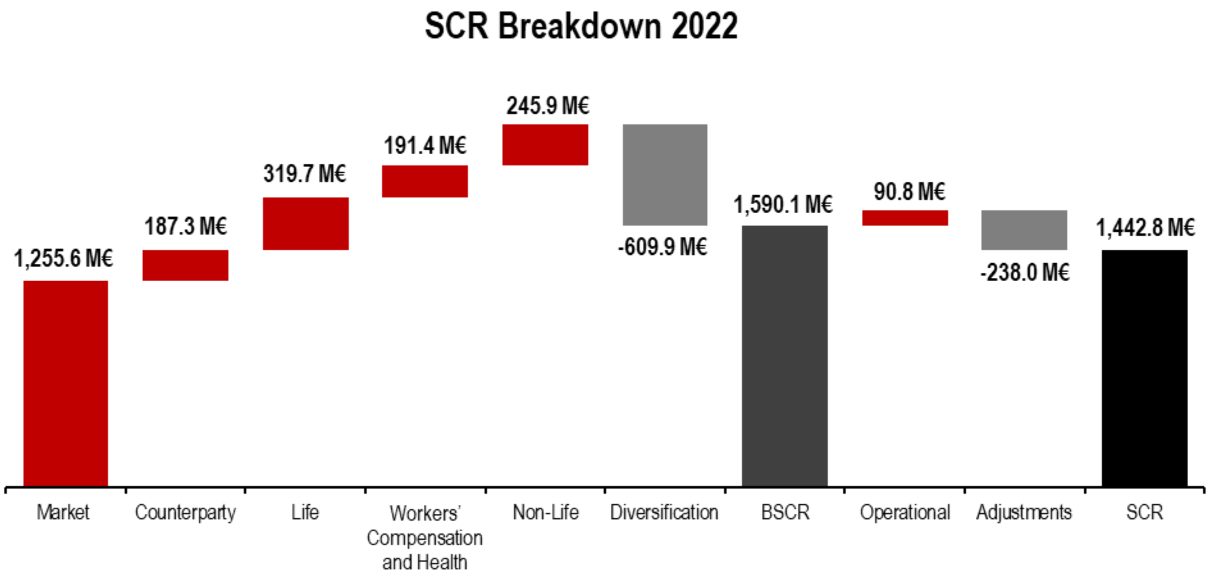
The risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks, not included in that formula, the Company has opted to use a qualitative analysis to classify the foreseeable impact on its capital needs.

Hence, the calculation of the Company's solvency capital requirement (SCR) with reference to 31 December 2023 was as follows:

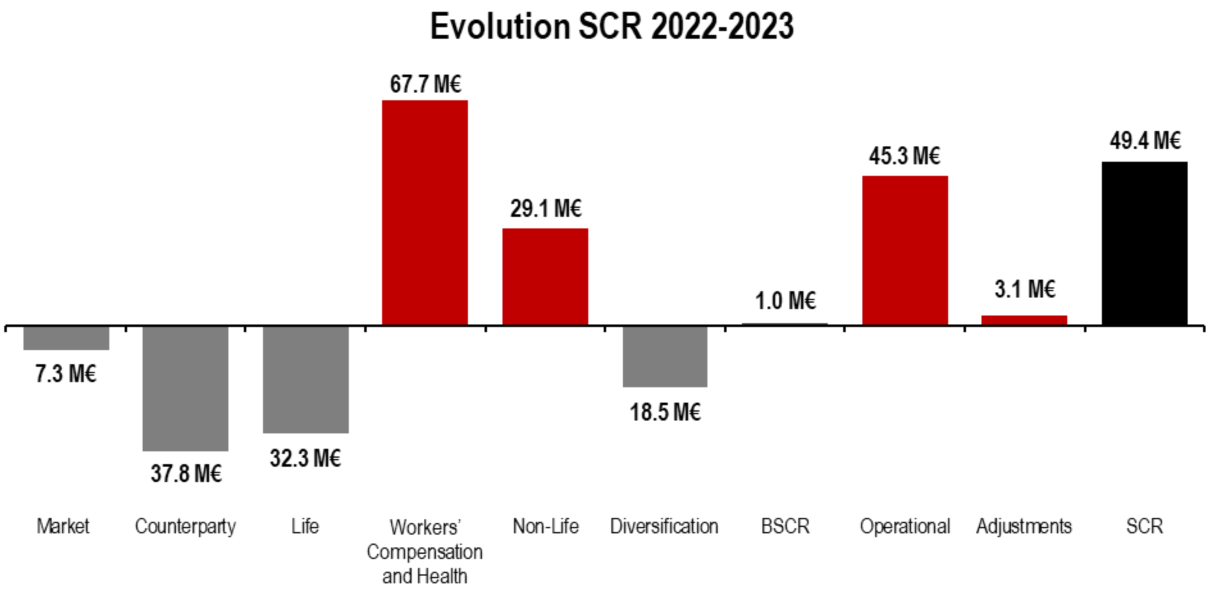


The market risk is clearly prominent in this requirement, followed by the Life, Non-Life and Health underwriting risks, which are much lower. The Counterparty Default risk and Operational risk are the lowest of the risk modules that make up the SCR.

The same calculation relating to 31 December 2022 was as follows:



The increase of EUR 49.4 million is shown in the graph below.



The following elements can be highlighted in this evolution:

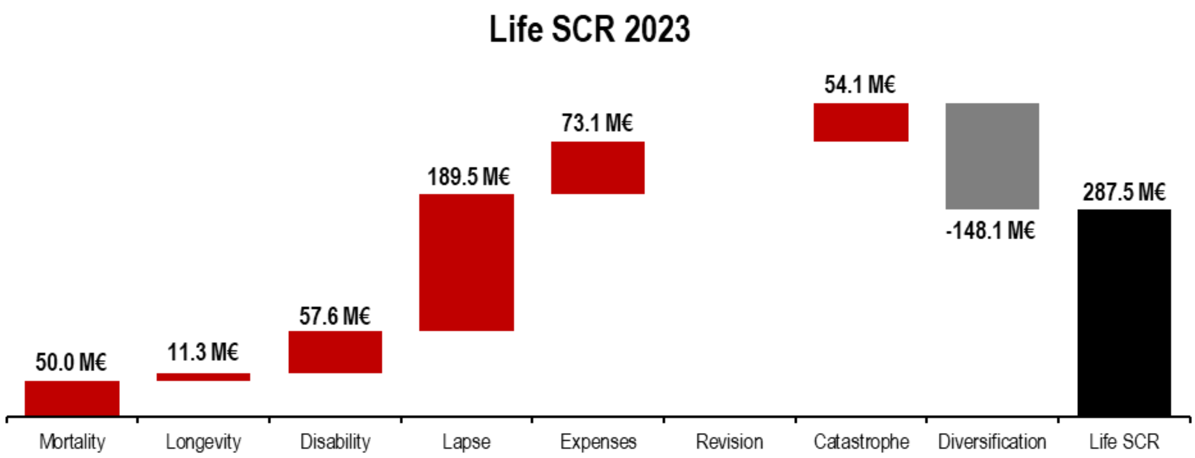
- The decrease in market risk, detailed in chapter C.2.;
- The decrease in counterparty default risk, detailed in point C.3.;
- The decrease in the life underwriting risk, detailed in point C.1.1.;
- The increase in the health underwriting risk, detailed in point C.1.3.;
- The increase in the non-life insurance underwriting risk, detailed in point C.1.2.; and
- The increase in operational risk, detailed in chapter C.5.

These risks will now be analysed, in particular with regard to their nature and impact on the Company.

C.1. Underwriting risks

C.1.1. Life underwriting risk

The life underwriting risk is the second most significant for the Company.



Analysing the sub-modules that make up this risk, the lapse risk is the most important within the life underwriting risk module.

Its importance results from the impact of temporary annual renewable contracts linked to mortgages and contracts with the "Funeral Service Organisation and Expenses" and "Adjustment of the funeral service to a Vault, Drawer or Perpetual Grave" covers, which the Company is not entitled to cancel or change the prices of, so that the contract boundaries considered for the purpose of assessing the technical provisions are, for the former, the maturity of the mortgage associated with each of them and, for the latter, indefinite.

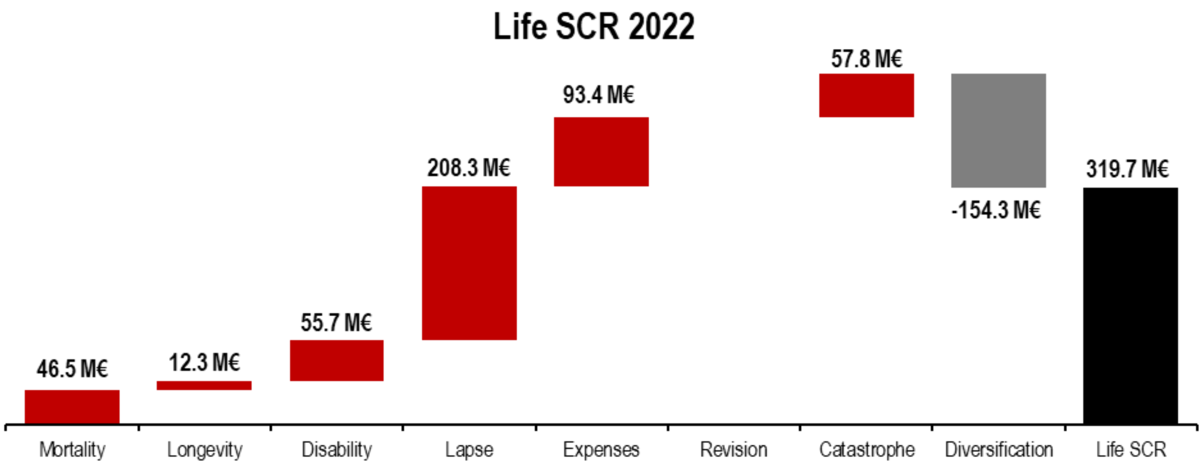
The second most significant sub-module, although carrying much less weight than the lapse risk, is the expense risk, which basically results from the fact that, when calculating the capital requirements of this risk sub-module, the Company considered as expenses, for the total amount of the Life obligations, as per the understanding of the ASF, the commissions to be paid for the intermediation activity of brokers, within the scope of Article 31 of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, and, consequently, these were subject to the shocks applicable to this risk.

With similar values, and lower than the expense risk, we have the disability, catastrophe and mortality risks, all with their origins in Life Risk insurance contracts.

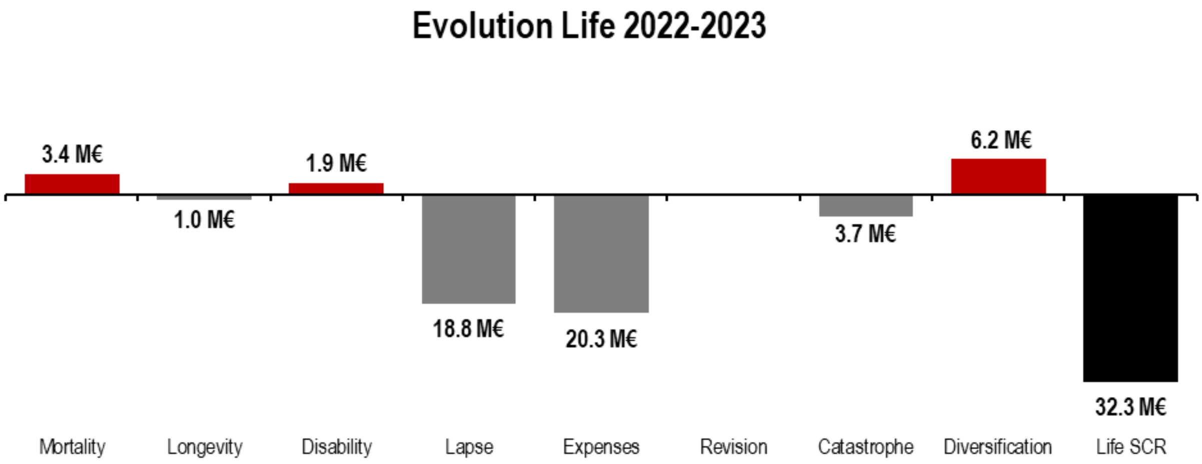
Lastly, there is the longevity risk, the significance of which is relatively low in this risk module, since the Companies' Annuities portfolio is small.

The revision risk is zero since there is no exposure to this risk in the Portuguese market.

The Life SCR at 31 December 2022 was:



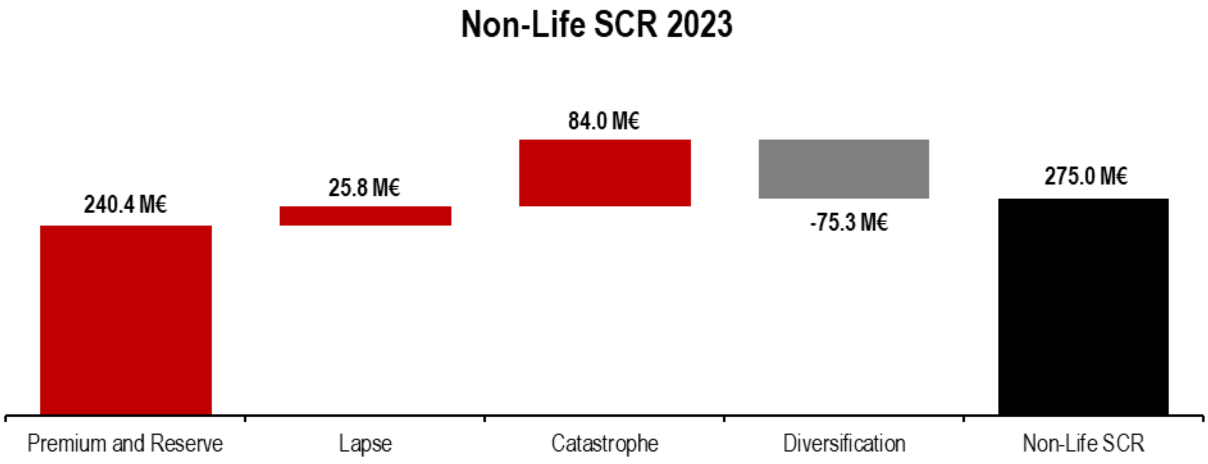
The decrease of EUR 32.3 million is shown in the graph below:



The decrease in the Life underwriting risk is basically the result of the decrease in expenses and in the lapse risk.

C.1.2. Non-Life underwriting risk

The non-life underwriting risk is the third most significant for the Company.



Within this sub-module, the premium and reserve risk is the most important.

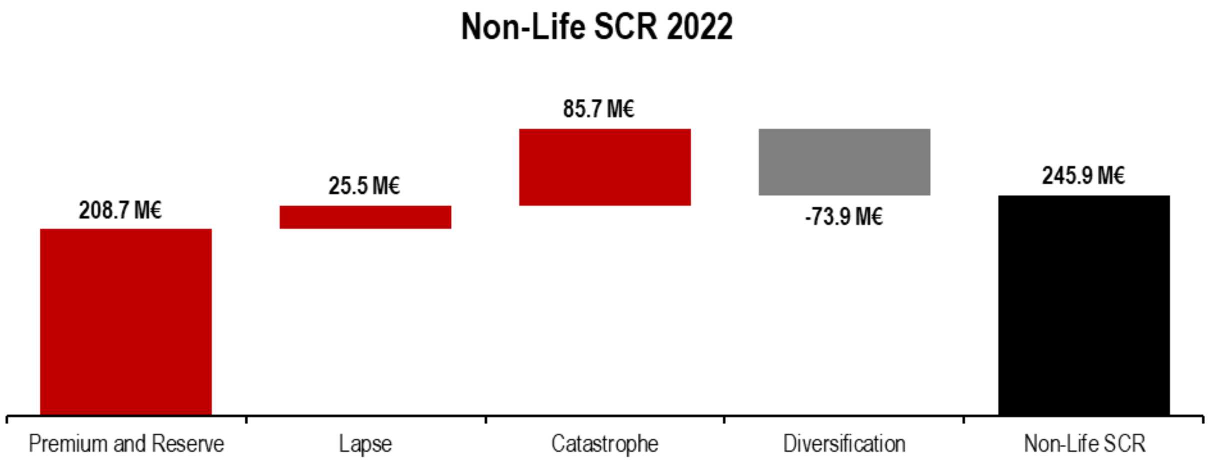
The weight of this risk basically results from the volume of premiums and reserves relating to motor insurance contracts (liability and other covers), fire and other damage insurance and general liability insurance.

With a much lower figure, there is the catastrophe risk, which basically arises from the significant amount of sums insured with seismic phenomena coverage. However, in the event of a seismic phenomenon, because of the existing reinsurance contracts only a part of the liability will be assumed by the Companies. The effect of this risk is not significant for this reason. It is also important to state that the mitigating effect of these reinsurance contracts is considered in the counterparty risk module

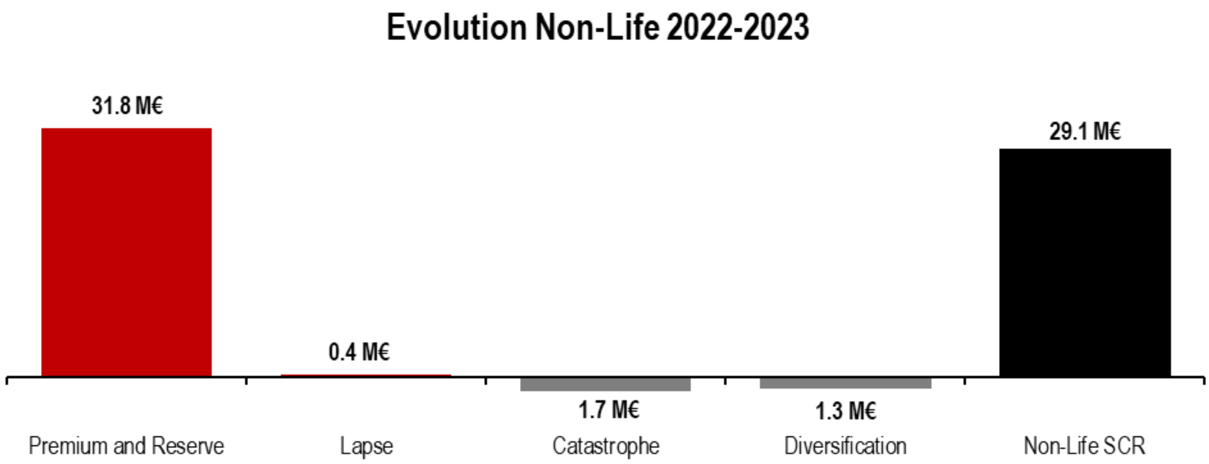
With a much lower figure, there is the catastrophe risk, which basically arises from the significant amount of sums insured with seismic phenomena coverage. However, in the event of a seismic phenomenon, because of the existing reinsurance contracts only a part of the liability will be assumed by the Company. The effect of this risk is not significant for this reason. It is also important to state that the mitigating effect of these reinsurance contracts is considered in the counterparty risk module.

Regarding the lapse risk, its weight is particularly insignificant, given that the insurance contracts have a contract boundary up to the next renewal date.

The Non-Life SCR at 31 December 2022 was:



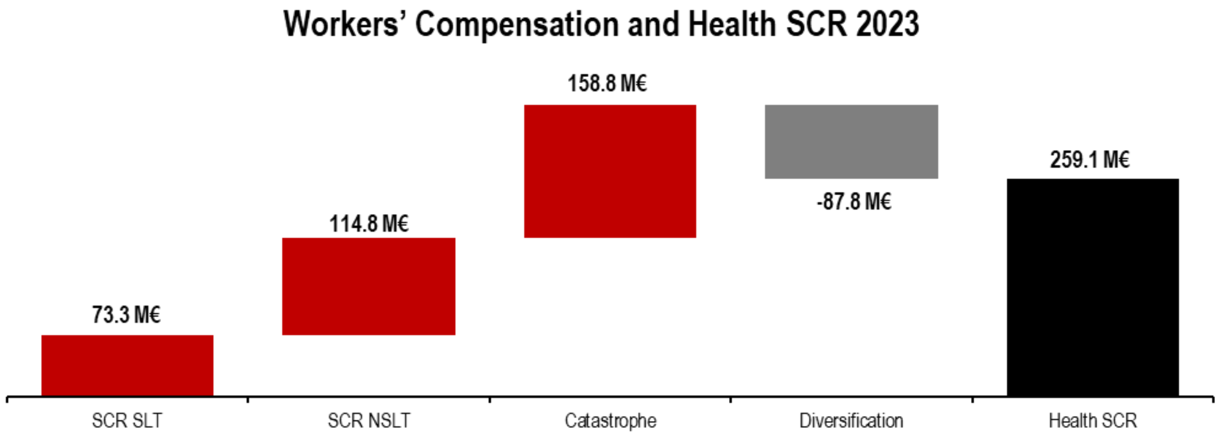
The increase of EUR 29.1 million is shown in the graph below.



The increase in this risk results from the Company's activity, with an increase in the volume of premiums and reserves of contracts in the motor and fire lines.

C.1.3. Health underwriting risk

In terms of weight, this is the fourth risk for the Company, and of the three underwriting risks it is the risk with the lowest weight.

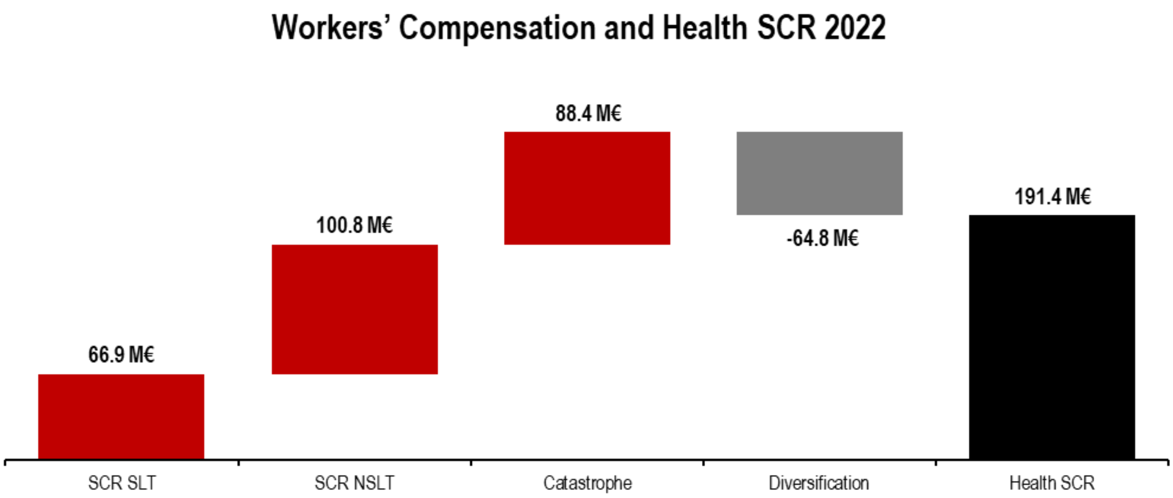


The SLT (similar to life techniques) health sub-module is basically composed of longevity risk resulting from pensions and permanent assistance expenses in the workers' compensation line of business.

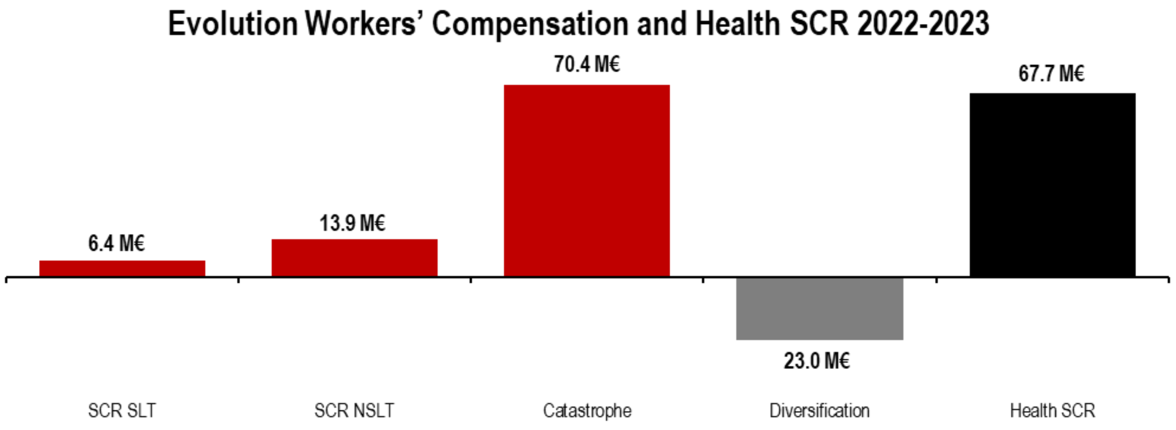
The NSLT (not similar to life techniques) health sub-module originates from the premium and reserve risk in the workers' compensation and personal accidents lines of business, given that health insurance is 100% reinsured with Multicare.

The catastrophe risk sub-module mainly results from the concentration of accidents, given the sums insured involved.

The Health SCR at 31 December 2022 was:



The decrease of EUR 67.7 million is shown in the graph below.



The evolution in this module was basically due to:

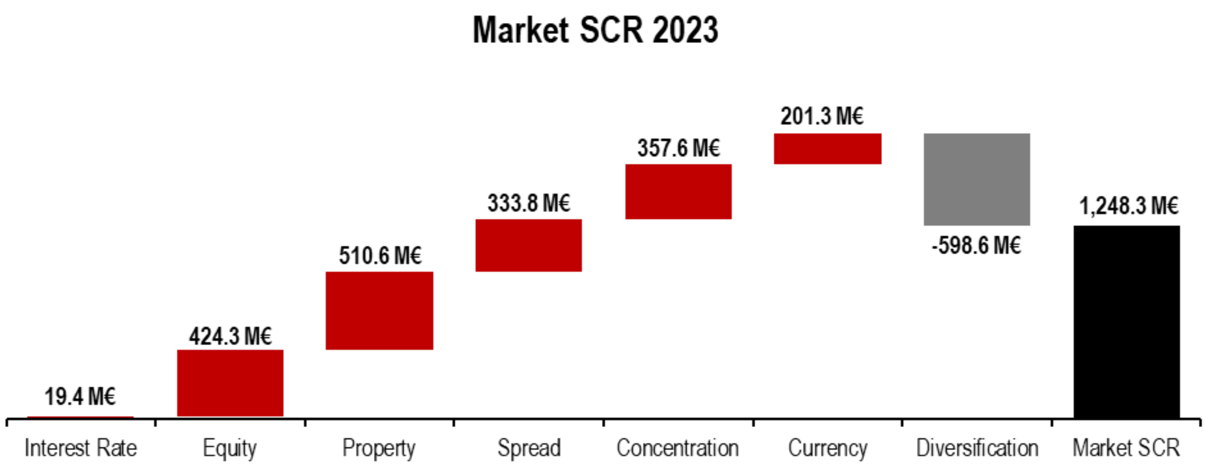
- The Company's activity;
- The catastrophe risk due to the increase in the accidents concentration risk.

C.1.4. Mitigation measures – underwriting risk

For a number of lines of business, the Company uses reinsurance contracts which guarantee mitigation of underwriting risks for life, non-life and health. This mitigation is taken into account when calculating the respective capital requirements.

C.2. Market risk

Market risk is the Company's most significant risk and is clearly above the other risk modules.



Within this module, the most important sub-module is the property risk, reflecting the investment strategy that the Company is pursuing, where there is significant exposure to the real estate market.

The second most important sub-module is equity risk, as a result of the Company's significant exposure to equity markets, in particular those relating to participations in the group's insurance companies, held by Fidelidade.

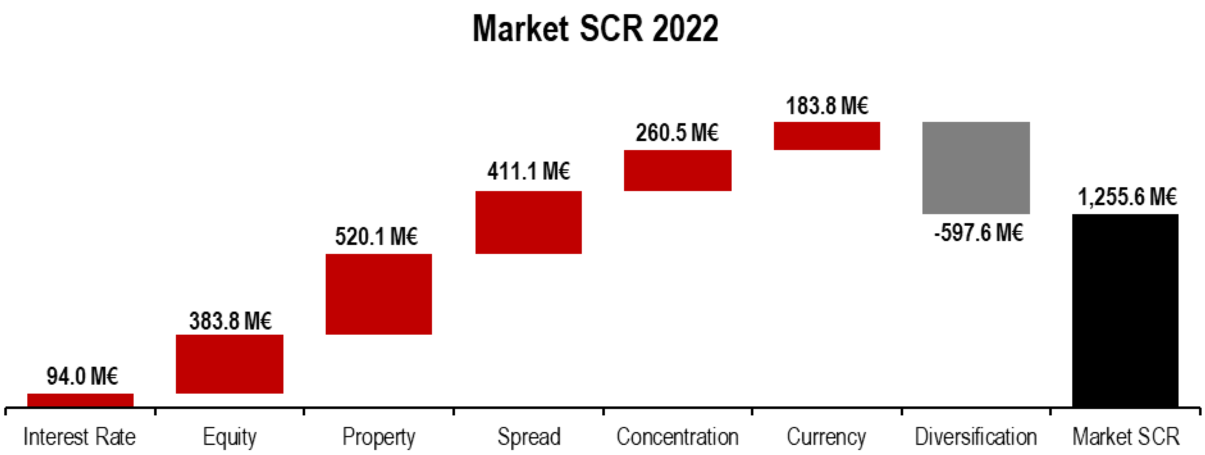
The third most important sub-module in the market risk module is the concentration risk. The Company's greatest exposures are to the Fosun International Limited economic group (influenced by direct participations of Fidelidade), to HSBC and to Caixa Geral de Depósitos.

The fourth most important market risk sub-module is the spread risk, which is a result of the Company's high exposure to fixed income financial instruments, other than European government bonds.

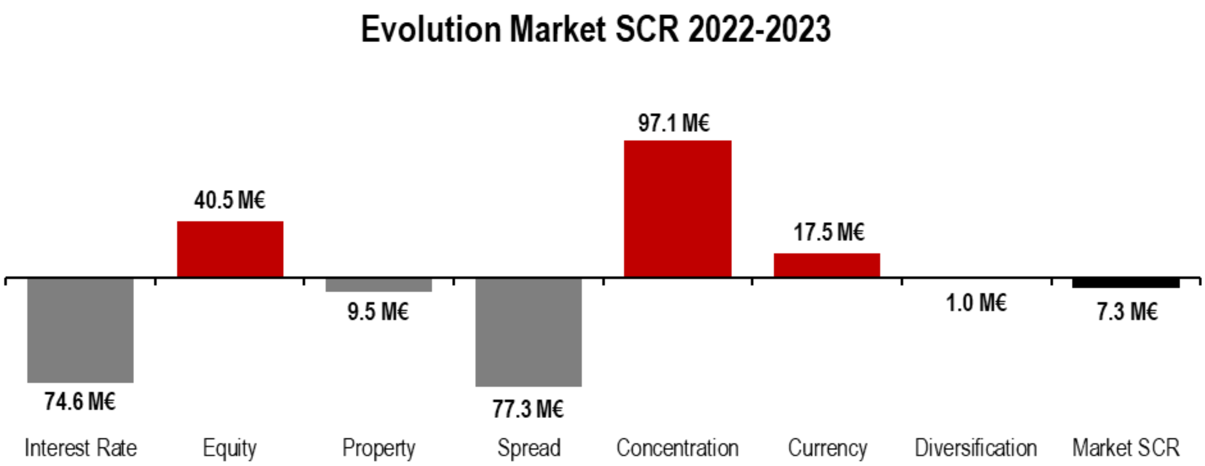
The currency risk has a lower value, limited by the hedging for the most significant exposures to foreign currency.

In the case of interest rate risk, its low value is a result of the Asset and Liability management carried out by the Company with the aim of maintaining the duration gap at low values.

The Market Risk SCR at 31 December 2022 was:



The decrease of EUR 7.3 million is shown in the graph below.



The decrease in the interest rate risk is explained by a number of facts. In the case of liabilities, there is a fall in the interest rate which, however, is mitigated by the increase in duration, which is not the case with assets, as there is no change to the duration. The combination of these effects leads to a change from an Up scenario to a Down scenario in the period being analysed.

The increase in equity risk is predominantly explained by movements of funds, changes in participations (appreciation of Luz Saúde and updating of participations), and the appreciation of REN and Ageas.

The decrease in spread risk is due to the decrease in exposure to bonds.

The increase in currency risk is predominantly explained by the appreciation of FID Peru.

The increase in concentration risk is predominantly explained by the appreciation of Luz Saúde and the increase in exposure to the Fosun Group.

C.2.1. Mitigation measures – market risk

The Company's investment process, besides guaranteeing compliance with the prudent person principle, seeks to enable both rational and reasoned decisions when selecting assets and an adequate balance between risk and return.

The process, therefore, begins with the identification of investment opportunities, through tracking, identification and analysis of investment opportunities all over the world, which leads to investment proposals being presented. These are based, on the one hand, on qualitative aspects, such as a description of the investment, including different possibilities on how it can be made, and a description of the business rationale, and, on the other, on quantitative aspects such as financial indicators or the expected return.

These proposals are analysed, including a preliminary study on capital consumption in the light of the Solvency II rules.

If the investment proposal is accepted, an investment case is prepared, containing a summary of the investment to be made, an analysis of compliance with the legal limits and the limits set out in the Company's Investments Policy, an analysis of the adequacy of the investment in ALM terms (cash flow matching), calculation of the capital consumption associated with the investment in line with the Solvency II rules.

This investment case includes an Internal Communication to the Executive Committee which contains the proposal and the grounds for making the investment, as well as other information. When securities transactions are performed, the traders responsible for these are subject to limits defined in the Investments Policy.

The entire process falls within the Company's general investment guidelines.

According to these guidelines, the main objective of the investment portfolio is to generate income for the Company, while considering the associated risks and other restrictions arising from the business strategy defined by the Executive Committee.

Assets are allocated to each investments portfolio in a way that enables the aggregate return from all portfolios and respective cumulative risk to meet the established investment objectives.

Market Risk - Currency

Using futures, forwards and swaps contracts the Company hedges the currency exposure of its directly or indirectly held assets:

- The exposure to assets denominated in American Dollars (USD) and in Hong Kong Dollars (HKD), given the high correlation between USD and HKD, is mitigated by using futures, forwards and swaps contracts in USD;
- The exposure to assets denominated in Pounds Sterling (GBP) is mitigated by using futures, forwards and swaps contracts in GBP;

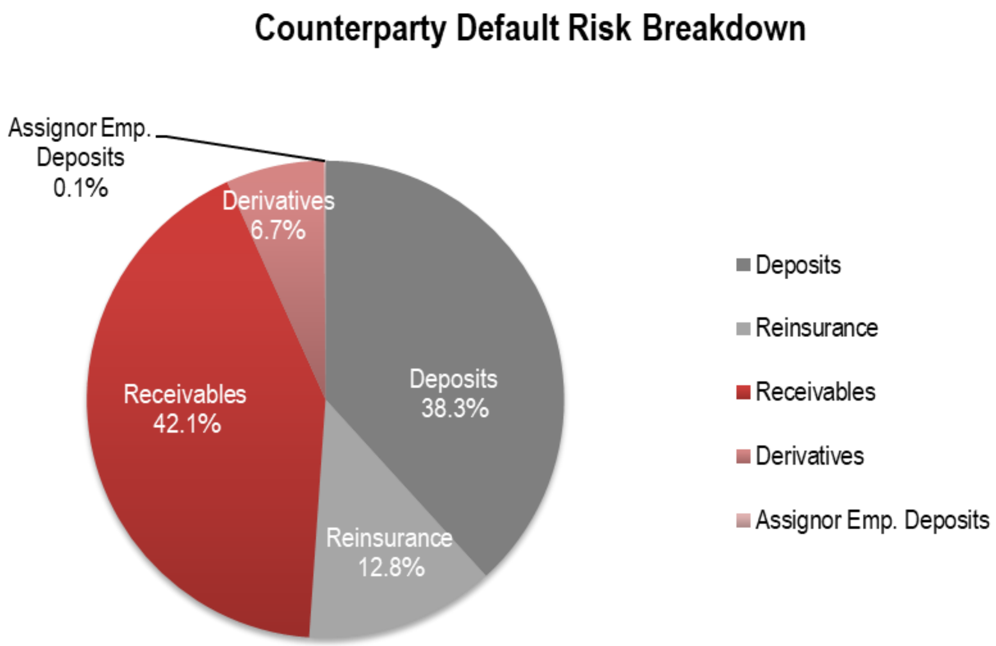
- The exposure to assets denominated in Yens (JPY) and in Canadian dollars (CAD) is mitigated by using forwards in JPY and CHF.

The Company intends to replace the futures contracts with similar contracts, at the end of their maturity period.

C.3. Counterparty Default risk

The counterparty default risk module is the fifth highest of all the risks assessed by the Company.

The breakdown of this risk by counterparty type at 31 December 2023 is:



The solvency capital requirement for the counterparty default risk results essentially from the components relating to receivables and to deposits, in which exposure to Caixa Geral de Depósitos carries significant weight. Of the remaining exposures, the most significant is exposure to counterparties to which the Company transfers risks through reinsurance contracts for underwriting risks.

C.4. Liquidity risk

Management of Fidelidade's liquidity risk is defined in the ALM and Liquidity Policy, which is revised annually by the ALCO (Assets and Liabilities Management Committee). The GCF – ALM (Capital Planning and Financial Optimization Office – Asset and Liability Management Functional Area) produces a monthly report on this risk, in addition to the ALM report which presents analyses of cash flows distributed between by various lines of business, assuming various scenarios. A monthly report with a breakdown of the illiquid assets held in portfolio is sent to the ASF (Insurance and Pension Funds Supervisory Authority).

The Group's aim in terms of liquidity is a treasury capable of managing all of the Company's funding needs (cash outflows) in an appropriate timeframe, without resorting to credit or unplanned selling off of assets. For this reason, seven levels of asset liquidity have been defined, ranging from Step 0 (cash available in 1 day) to Step 6 (strategic investments which Fidelidade does not intend to sell in the near future) and two short and medium-term liquidity ratios that match the liquid assets with the cash-flow needs, which must be above 100%. Three levels of liquidity have also been defined (immediate, short-term and medium and long-term) which aim to assess whether Fidelidade has sufficient liquid assets to cover its obligations, including unexpected events, on both the liabilities and assets side.

In November 2023 the ALM and Liquidity Policy was revised (within the ALCO) and it now includes a new metric, Liquidity Ratio, the aim of which is to measure the proportion of liquid assets in assets under management. Linked to this metric, an Early Warning Indicator was also defined, with a limit of 55% in order for a liquidity recovery action plan to be triggered. The monthly figures for this ratio for 2023 ranged between 52% and 59%. A new chapter was also introduced in which the measures for the Liquidity Contingency Plan are established.

Regarding liquidity risk, "expected profits included in future premiums" (EPIFP) is considered to be the current expected value of future cash flows resulting from the inclusion in the technical provisions of premiums relating to existing insurance and reinsurance contracts, which should be received in the future, but which may not be received for some reason other than the occurrence of insured events, regardless of the legal or contractual rights of the policyholder to terminate the policy.

The EPIFP, at 31 December 2023, was:

Amount in thousand euros

Expected profits included in future premiums - Life	358,977
Expected profits included in future premiums – Non-Life	44,766
Total	**403,744**

For the Life segment the EPIFP only refers to the life risk line of business, and the methods and main assumptions described in point D.2.1 of this report are used to calculate it. In the Non-Life segment, the lines of business that most contribute to the figure are Health Insurance, Fire and Other Damage to Property Insurance, Assistance and Other Motor Insurance.

Premiums considered when calculating this profit are net of reinsurance obligations.

Lastly, the valuation referred to in Article 260(1) d) ii) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, is not adjusted to the characteristics of the products associated with this line of business.

C.5. Operational risk

Operational risk is the risk of losses resulting either from the inadequacy or failure of internal procedures, persons, or systems or from the occurrence of external events.

This is the risk module with the least weight of all the risks assessed by the Company. Its decrease reflects the evolution of the Company's activity in the life business and the increase in unit-linked expenses.

In its management of operational risk and internal control, the Company identifies, within its processes, the most significant operational risks to which each of these are exposed (based on a pre-defined risk matrix) and it documents the controls which exist to mitigate these.

Additionally, to assess the Company's operational risk, quantitative information is collected on the risks previously identified and an assessment is carried out of the internal control system, supported by a process of own assessment of the control activities documented.

C.6. Other material risks

Risks that do not fall within the standard formula are identified as part of the ORSA process.

The following risks are recognised by the Company as possible material risks.

C.6.1. Reputational risk

Management of the Company's Reputational Risk is fundamentally based on:

- The existence of a function responsible for corporate communication and media relations;
- The existence of a brand communication function;
- The function of customer complaints management, which includes providing management information to the heads of the different Areas of the Company and the Executive Committee;
- Planning and monitoring of the Company's Human Resources;
- The Corporate Social Responsibility programme.

In addition, being aware of the growing importance of reputation for an organisation's standing and success, the Company also set up a Communication Coordination Committee, which meets regularly and is led by the Chairman of the Executive Committee, in order to better articulate all of the Company's internal and external communication flows.

The activities conducted within this scope have produced results as demonstrated by the various awards the Company has received for service excellence / customer satisfaction. This risk is therefore considered to be adequately mitigated and is therefore classified as low.

C.6.2. Strategic risk

The Company's strategy is attained by means of a chain of responsibilities beginning with the Executive Committee, which defines the high-level strategic objectives (this process is accommodated within a governance model which involves the Board of Directors, the Investments Committee and the Advisory Board), passing to the heads of each Division, who are responsible for outlining plans to achieve those objectives, and ending with the Company's employees, who seek to achieve the proposed objectives on a daily basis within the scope of their functions.

The strategic decisions taken by the Company are based on well-defined processes of approval and of implementation and monitoring, which have proved to be both effective in terms of implementing the strategy and adequate as a reaction to external factors which may affect the Company's activity. This risk is therefore considered to be low.

C.6.3. Business (continuity) risk

Like any other insurance undertaking operating in Portugal, the Company may be exposed to potential market events. However, this risk is classified as low, given the Company's strong position in the Portuguese insurance market, which has also been increasing.

When analysing this risk, the possibility of the Company suffering losses as a consequence of centralising the development of its business in a given sector or geographical area or with specific customers was also considered.

The Company's business concentration risk is considered low, given the high level of diversification in the type of products sold and the sales channels used and in the Company's customers. However, it should be noted that there is still a high level of concentration geographically speaking, with most of the business being in Portugal. Nevertheless, the Company is in the process of expanding its business internationally, in particular in markets outside Europe where it has already been carrying on its business.

C.6.4. Legal risk

Although this risk is included in the definition of operational risk, the decision was made to analyse it separately, given both its importance and the method of assessment / measurement set out in the standard formula for operational risk, which does not allow for it to be highlighted.

The Company is constantly adapting to the rules in force (at both national and international level) and to the impacts that these have on its business. However, there is a risk, which is considered medium, resulting from potential regulatory changes.

Regarding fiscal changes to which the Company may become subject, we may highlight those related with deferred taxes, namely in terms of the tax rate and/or period for reporting tax losses.

Linked to this risk there is also the risk of possible changes to the level of tax benefits related with certain investment products. If these changes occur, some products may lose the competitive advantage associated with them, which leads to a risk related to sales of these products. Although this situation has already occurred in the past with some products, without any significant impact for the Company, this risk must still be considered.

In addition, the Company is exposed to compliance risks during the normal course of its operations.

In conclusion, and considering all the points covered above, the legal risk associated with the Company is considered medium, due to the impacts that potential changes in the tax legislation would have and due to uncertainties related with the application of the Solvency II rules.

C.7. Any other information

C.7.1. Adjustment for the loss-absorbing capacity of deferred taxes

The Company recognises adjustment for the loss-absorbing capacity of deferred taxes not only relating to the impact on deferred tax liabilities, but also the impact on deferred tax assets. In the case of recognition of adjustment relating to deferred tax assets, the Company tests the recoverability of these taking into account estimated future tax profits following the shock, in a limited time period.

If there were no adjustment for the loss-absorbing capacity of deferred taxes, the solvency capital requirement coverage ratio would be 182%.

C.7.2. Risk sensitivity

The sensitivity of the solvency ratio, at 31 December 2023, to the main risks to which the Company is exposed, expressed as an absolute impact on that ratio (in percentage points), is presented in the table below:

Risk Type	Effect of changes on		Total effect on Solvency Ratio
	Eligible Own Funds	Capital Requirement	
Equity	-18.1 p.p.	+9.1 p.p.	-9.8 p.p.
Property	-13.3 p.p.	+5.8 p.p.	-7.9 p.p.
Spread	-9.7 p.p.	+0.7 p.p.	-9.1 p.p.
Interest Rate (Up)	+2.8 p.p.	+0.7 p.p.	+3.5 p.p.
Interest Rate (Down) 50	-2.0 p.p.	-0.3 p.p.	-2.3 p.p.
Interest Rate (Down) 100	-4.4 p.p.	-0.9 p.p.	-5.3 p.p.

At 31 December 2022, sensitivity of the solvency ratio was:

Risk Type	Effect of changes on		Total effect on Solvency Ratio
	Eligible Own Funds	Capital Requirement	
Equity	-16.5 p.p.	+8.1 p.p.	-9.0 p.p.
Property	-13.9 p.p.	+6.1 p.p.	-8.2 p.p.
Spread	-11.3 p.p.	+1.5 p.p.	-9.9 p.p.
Interest Rate (Up)	+1.1 p.p.	+0.4 p.p.	+1.6 p.p.
Interest Rate (Down) 50	-0.8 p.p.	-1.9 p.p.	-2.7 p.p.
Interest Rate (Down) 100	n.a	n.a	n.a

Explanation of the Solvency II sensitivity analyses:

Risk	Scenario
Equity	Impact of a 20% decrease in the value of equity, including Equity funds.
Property	Impact of a 10% decrease in the value of property, including Real Estate Funds.
Spread	Impact of a 100 bps (basis points) increase in debt securities.
Interest rate	Impact of a parallel increase of 100 bps (basis points) along the whole curve.
	Impact of a parallel decrease of 50 bps (basis points) along the whole curve.
	Impact of a parallel decrease of 100 bps (basis points) along the whole curve.

D. Valuation for Solvency Purposes

FIDELIDADE
SEGUROS DESDE 1808

In this chapter we present information on the valuation of the assets, technical provisions and other liabilities for solvency purposes and compare this valuation with that used in the financial statements, with reference to 31 December 2023.

The same information, for solvency purposes, is presented in relation to 31 December 2022.

During the period covered by this report, there were no material changes, when compared with the period covered by the previous report, in the bases, methods and main assumptions used for the valuation of the Company's assets or in the relevant assumptions used to calculate its technical provisions.

The following paragraphs describe the bases, methods and main assumptions used for the valuation for solvency purposes, which breaks down as follows:

Amounts in thousand euros

		Solvency II	Financial statements	Difference	Solvency II previous year
Assets					
D.1	**Total Assets**	**15,154,826**	**15,224,861**	**-70,035**	**15.199.642**
Liabilities					
D.2	Technical Provisions	10,615,822	11,427,301	**-811,479**	**10.890.505**
D.3	Other liabilities	1,882,832	1,600,275	**282,557**	**1.727.022**
Total Liabilities		**12.498.654**	**13,027,576**	**-528,922**	**12,617,527**
Excess of assets over liabilities		**2.656.172**	**2,197,285**	**458,887**	**2,582,115**

D.1. Assets

The valuation of the assets for solvency purposes and a comparison with that used in the financial statements is presented in this report, segmented into:

- Financial assets;
- Real estate assets;
- Other assets; and
- Reinsurance recoverables.

This chapter also includes reinsurance and special purpose vehicles recoverables.

The table below summarises the comparison, which is discussed further in the sub-chapters below:

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference	Solvency II previous year
Financial assets	13,553,382	13,561,101	**-7,719**	**13,513,555**
Real estate assets	218,793	214,801	**3,992**	**301,105**
Other assets	1,013,665	935,932	**77,733**	**1,069,014**
Reinsurance recoverables	368,986	513,027	**-144,041**	**315,968**
Total	**15,154,826**	**15,224,861**	**-70,035**	**15,199,642**

D.1.1. Financial assets

The table below presents the valuation of the financial assets for solvency purposes, by class of asset.

Amounts in thousand euros

Assets	Solvency II	Solvency II previous year
Holdings in related undertakings, including participations	3,193,191	2,997,809
Equities — listed	309,887	374,852
Equities — unlisted	1,223	1,092
Government bonds	1,975,475	2,439,393
Corporate bonds	4,090,798	4,211,843
Structured notes	181,689	166,272
Collateralised securities	0	0
Collective investment undertakings	606,657	602,673
Derivatives	184,800	112,128
Deposits other than cash equivalents	161,779	140,346
Other investments	0	0
Assets held for index-linked and unit-linked contracts	2,847,883	2,467,147
Total	**13,553,382**	**13,513,555**

For solvency purposes, financial assets are valued in line with the following bases, methods and assumptions.

Financial assets are registered at fair value, which corresponds to the amount for which a financial asset could be sold or a liability settled between independent, knowledgeable parties interested in concluding the transaction in normal market conditions (exit price).

To determine the fair value of financial instruments, assets are classified according to the fair value hierarchy criteria defined as part of IFRS 13 (Fair Value Measurement). Within the scope of the Solvency II rules, those hierarchy criteria are defined by the method of valuing assets according to the following categories:

QMP - Quoted market price in active markets for the same assets

In this category, the fair value is determined considering the bid price in the active market available on the electronic platform.

QMPS - Quoted market price in active markets for similar assets

In this category, fair value is determined by considering the prices obtained from the market maker.

AVM - Alternative valuation methods

The Company does not make valuations from financial models.

AEM - Adjusted equity method

Assets considered in this category are initially recognised at cost and are periodically subjected to revaluation in line with the financial statements disclosure.

IEM - IFRS equity methods

Not currently applicable.

MV – Market valuation

Not currently applicable.

The table below presents a comparison of the valuation of financial assets for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference
Holdings in related undertakings, including participations	3,193,191	3,136,870	**56,321**
Equities — listed	309,887	309,887	**0**
Equities — unlisted	1,223	1,297	**-74**
Government bonds	1,975,475	1,987,327	**-11,852**
Corporate bonds	4,090,798	4,090,798	**0**
Structured notes	181,689	181,689	**0**
Collateralised securities	0	0	**0**
Collective investment undertakings	606,657	609,378	**-2,721**
Derivatives	184,800	185,593	**-793**
Deposits other than cash equivalents	161,779	209,602	**-47,823**
Other investments	0	0	**0**
Assets held for index-linked and unit-linked contracts	2,847,883	2,848,660	**-777**
Total	**13,553,382**	**13,561,101**	**-7,719**

The main differences, by class of asset, are as follows:

Holdings in related undertakings, including participations

This results from the valuation, for solvency purposes, of unlisted subsidiaries using the Adjusted Equity Method (AEM). The total net value of these holdings for solvency purposes increased by 56,321 thousand euros.

The total difference includes (among less relevant others) the impacts of the valuation of Luz Saúde S.A. by the Adjusted Equity Method (the value of this participation, for solvency purposes, fell by 296,904 thousand euros), of Fidelidade Property Europe (increase of 212,590 thousand euros in the valuation for solvency purposes), of Multicare (increase of 53,653 thousand euros in the valuation for solvency purposes) and of Fidelidade Assistência (the value of this participation, for solvency purposes, fell by 26,019 thousand euros).

Equities – unlisted

This results from the valuation, for solvency purposes, of unlisted securities using the Adjusted Equity Method (AEM).

Government bonds

The difference corresponds to potential gains from the portfolio of financial assets valued at amortised cost recognised in Solvency II.

Collective investment undertakings

This results from funds valuation adjustments where the look-through approach was applied. In the statutory financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

Derivatives

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros S.A. (previously Seguradora Internacional de Moçambique, S.A,). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and "Financial liabilities other than debts owed to credit institutions".

Deposits other than cash equivalents

Most of the Solvency II adjustment is due to the fact that as of the Q4 2022 report, assets relating to margin and collateral accounts were no longer included under the balance sheet heading "Deposits other than cash equivalents" due to a change in the classification. Following the ASF's guidelines, this amount is now reflected under the heading "Any other assets, not elsewhere shown".

Assets held for index-linked and unit-linked contracts

This results from the closing quoted prices at 31 December 2023 being obtained at different times. In the financial statements the valuation at 31 December 2023 was made some hours before the close of some financial markets which have an extended operation. For Solvency II it was possible to consider the final value after the close of all financial markets.

At the same time, the difference also results from adjustments to the valuation of the funds in unit-linked portfolios, where the look-through approach was applied. In the financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

D.1.2. Real estate assets

The table below presents the valuation of real estate assets for solvency purposes, by class of asset.

Amounts in thousand euros

Assets	Solvency II	Solvency II previous year
Property, plant and equipment held for own use	76,981	70,904
Property (other than for own use)	11,061	31,903
Collective investment undertakings	130,751	198,298
Total	**218,793**	**301,105**

For solvency purposes, real estate assets are valued in line with the following bases, methods and assumptions.

The Company's real estate assets are accounted for at their Market Value, which is the price for which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, it being implied that:

i) the asset is put up for sale on the market;
ii) the conditions of sale permit a regular sale;
iii) the period for negotiating the sale is normal, considering the nature of the property.

Following this, one of the following valuation methods is used to determine the Market Value:

Market Approach

The Market Approach consists of determining the value of a property by comparing it with identical or similar properties, according to the information available on the market regarding transaction values or prices practiced for comparable properties.

In line with this approach, the value of the property is the result of adjustment to the values and prices obtained on the market, in the light of the location and physical characteristics of the property being valued.

Cost Approach

The Cost Approach consists of applying the principle that a purchaser will not pay more for an asset than the cost of obtaining another with the same level of utility, whether through purchase or construction, unless undue time, inconvenience, risk or other factors are involved.

This approach provides an indication of value by calculating the current replacement or reproduction cost of the asset and deducting for deterioration and all other relevant forms of obsolescence.

Income Approach

The Income Approach considers information relating to the income and operating expenses of the property being valued, determining the value by a capitalisation process. In this approach, taking into account the principle of replacing the asset, it is assumed that at a given rate of return required by the market, the revenue flow generated by the property will lead to its most probable fair value.

Accordingly, the estimate of the property's value results from converting the income it generates (usually the net revenue) by applying a given capitalisation rate or update rate, or even both, which reflects the expected level of return on the investment.

In order to comply with the regulations applicable to the Portuguese insurance sector, the following method is applied to value the real estate assets of Fidelidade and its subsidiaries:

- It is necessary, unless otherwise stated in the paragraphs below, to follow the property valuation criteria defined for insurance sector entities within the scope of the *Conselho Nacional de Supervisores Financeiros* (CNSF) [National Board of Financial Supervisors], namely as set out in the future regime of the document "*A Avaliação e Valorização de Property – Uma Abordagem Integrada para o Sistema Financeiro Português*" [Appraisal and Valuation of Property – An Integrated Approach for the Portuguese Financial System];
- Besides being registered with the Portuguese Securities Market Commission (except for valuation processes outside Portuguese territory, for which local valuers are accepted) and having taken out general liability insurance, the valuer must be a RICS member, and follow RICS standards;

- Where a property's market value is estimated to be over EUR 2.5 million, two valuations are performed by different experts, and the lower value prevails;
- It is necessary to use at least one of the three methods in IFRS 13, with the Income Approach being compulsory;
- The valuation report must itemise the valuation of the land and the valuation of the building(s);
- In the case of buildings under the horizontal property regime, the valuation report must also allocate valuations per unit, that is, it must include a breakdown of the quota share of the land and the building(s) per unit;
- The valuation report may include a sensitivity analysis regarding the most relevant variables in the valuation;
- Following a principle of prudence, real estate assets must be revalued annually.

The table below presents a comparison of the valuation of real estate assets for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference
Property, plant and equipment held for own use	76,981	73,036	**3,945**
Property (other than for own use)	11,061	11,061	**0**
Collective investment undertakings	130,751	130,704	**47**
Total	**218,793**	**214,801**	**3,992**

The differences, by class of asset, are:

Property, plant and equipment held for own use

In the financial statements the valuation at cost was considered, and hence the difference results from the fact that in Solvency II the fair value valuation is used, as required by the Supervisory Authorities.

Collective investment undertakings

This results from funds valuation adjustments where the look-through approach was applied. In the statutory financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

D.1.3. Other Assets

The table below presents the valuation of other assets for solvency purposes, by class of asset.

Amounts in thousand euros

Assets	Solvency II	Solvency II previous year
Goodwill	0	0
Deferred acquisition costs	0	0
Intangible assets	0	0
Deferred tax assets	424,498	444,903
Pension benefit surplus	22,588	25,212
Loans and mortgages to individuals	0	0
Other loans and mortgages	73,090	32,904
Loans on policies	1,183	1,143
Deposits to cedants	1,149	1,200
Insurance and intermediaries receivables	99,647	145,381
Reinsurance receivables	65,042	17,141
Receivables (trade, not insurance)	52,418	87,719
Own shares (held directly)	149	149
Amounts due in respect of own fund items or initial funds called up but not yet paid in	0	0
Cash and cash equivalents	202,405	217,706
Any other assets, not elsewhere shown	71,496	95,556
Total	**1,013,665**	**1,069,014**

Other assets are generally valued in the financial statements at fair value. Specific situations where that is not the case are explained in the following table, which presents a comparison of the valuation of other assets for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference
Goodwill	0	0	0
Deferred acquisition costs	0	743	-743
Intangible assets	0	76,743	-76,743
Deferred tax assets	424,498	346,778	77,720
Pension benefit surplus	22,588	22,588	0
Loans and mortgages to individuals	0	0	0
Other loans and mortgages	73,090	73,090	0
Loans on policies	1,183	1,183	0
Deposits to cedants	1,149	1,149	0
Insurance and intermediaries receivables	99,647	99,647	0
Reinsurance receivables	65,042	65,042	0
Receivables (trade, not insurance)	52,418	52,418	0
Own shares (held directly)	149	149	0
Amounts due in respect of own fund items or initial funds called up but not yet paid in	0	0	0
Cash and cash equivalents	202,405	177,579	24,826
Any other assets, not elsewhere shown	71,496	18,823	52,673
Total	**1,013,665**	**935,932**	**77,733**

The differences, by class of asset, are:

Deferred acquisition costs

The value of these assets for solvency purposes is zero.

Intangible assets

In order for these assets to have a value in the balance sheet for solvency purposes, they must be able to be sold separately and, moreover, it would be necessary to demonstrate that there is an active market in which similar intangible assets are traded. Given that the Company's assets considered in this class do not meet these requirements, their value for solvency purposes is zero.

Deferred tax assets

The difference results from the application of the tax rate to losses with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a negative impact on own funds.

Cash and cash equivalents

This results from the difference, when negative, between the balances of current accounts, which were considered in the valuation for Solvency purposes under the heading "Any other liabilities, not elsewhere shown" in other liabilities.

Any other assets, not elsewhere shown

As of the quarterly report relating to Q4 2022, assets relating to margin and collateral accounts were no longer included under the balance sheet heading "Deposits other than cash equivalents" due to a change in the classification. Following the ASF's guidelines, this amount is now reflected under the heading "Any other assets, not elsewhere shown".

D.1.4. Reinsurance and special purpose vehicles recoverables

Reinsurance recoverables were calculated according to methodologies in line with those used for the valuation of technical provisions, considering adjustment to reflect the probability of reinsurer default.

Recoverables in the Non-Life, Health SLT and Health NSLT lines of business were obtained based on the following assumptions:

- With the exception of medical expense, when calculating the claims provision, the value of the accounting provisions was assumed as the base value, which was distributed in annual future cash flows calculated on the basis of the future pattern of payments obtained for direct insurance in each of the lines of business;
- In the medical expense component of the Health NSLT line of business, since there is a 100% ceding treaty, the weight that the value of the reinsurance ceded accounting provision represents in the direct insurance of the line of business was applied to the best estimate of claims direct insurance;
- The component of the provision for premiums in the Non-Life and Health NSLT lines of business was calculated as described in points D.2.2. and D.2.4.

Recoverables from the Life line of business were obtained based on the following assumptions:

- To calculate Life reinsurance recoverables, projections are obtained of future premiums cash flows, claims, commissions and expenses in line with the reinsurance contracts, considering the contractual limits of the direct insurance contracts. All liabilities cash flows are based on the concept of expected value, insofar as they are linked to probabilities of occurrence of events to which they are subject, taking into account the time value of cash.

The expected inflation and interest rate structures referred to in points D.2.5 and D.2.6, respectively, were applied to the cash flows in the Life, Non-Life, Health SLT and Health NSLT lines of business.

The table below shows the amounts recoverable from reinsurance contracts and special purpose vehicles, by line of business.

Amounts in thousand euros

Line of Business	Solvency II	Financial statements	Difference	Solvency II previous year
Life and health similar to life, excluding health insurance and index-linked and unit-linked	25,379	41,891	-16,512	28,682
Life, index-linked and unit-linked	0	0	0	0
Non-life, excluding health insurance	224,866	299,927	-75,061	173,252
Health similar to life	0	0	0	0
Health similar to non-life	118,741	171,209	-52,468	114,034
Total	**368,986**	**513,027**	**-144,041**	**315,968**

The differences result from the method applied to calculate the best estimate, which uses assumptions that are not considered in the financial statements, such as:

- Different structures for discounting estimated liabilities;
- Methodological differences when valuing liabilities for remaining coverage reflected in the financial statements and in the Solvency II premium provision.

D.2. Technical provisions

The valuation of technical provisions for solvency purposes and a comparison with that used in the financial statements is presented in this report, segmented into:

- Life;
- Non-Life;
- Health:
    - SLT (Similar to Life Techniques);
    - NSLT (Not Similar to Life Techniques).

The table below summarises the comparison, which is discussed further in the sub-chapters below:

Amounts in thousand euros

Line of Business	Solvency II	Financial statements	Difference	Solvency II previous year
Life	8,427,319	8,988,337	-561,018	8,907,249
Non-Life	927,210	1,067,377	-140,167	850,280
Health – SLT	1,012,036	1,095,634	-83,598	897,493
Health – NSLT	249,257	275,953	-26,696	235,483
Total	**10,615,822**	**11,427,301**	**-811,479**	**10,890,505**

The valuation of the technical provisions results from applying statistical methods which have a degree of uncertainty resulting from random factors which may not yet be reflected in the base information used, namely, market factors, legal changes and political factors.

However, this degree of uncertainty is lower due to the Company not using simplifications when calculating the technical provisions.

D.2.1. Life

The table below presents the value of the Life technical provisions by line of business, including the value of the best estimate, risk margin and the value of the application of the transitional measure on technical provisions.

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	TMTP	Technical Provisions	Technical Provisions previous year
Index-linked and unit-linked insurance					
Contracts without options or guarantees	2,504,094	4,012	0	**2,508,106**	**2,325,234**
Contracts with options or guarantees	295,669	1,434	0	**297,103**	**94,958**
Capital redemption					
Contracts with profit sharing	1,227,067	9,195	-94,947	**1,141,315**	**1,309,330**
Contracts without profit sharing	4,600,588	9,192	-133,452	**4,476,328**	**5,166,170**
Risk					
Contracts with profit sharing	17,294	223	0	**17,517**	**19,661**
Contracts without profit sharing	-302,866	111,498	0	**-191,368**	**-202,731**
Annuities					
Contracts with profit sharing	78,172	3,777	0	**81,949**	**96,053**
Contracts without profit sharing	90,828	2,968	0	**93,796**	**97,921**
Reinsurance accepted					
Reinsurance accepted	2,573	0	0	**2,573**	**653**
Total	**8,513,419**	**142,299**	**-228,399**	**8,427,319**	**8,907,249**

The Life technical provisions result from the sum of the best estimate and the risk margin less the transitional measure on technical provisions (TMTP).

The best estimate corresponds to the current value of future projected cash flows related to insurance contracts, including premiums, claims, commissions and expenses, discounted at the relevant interest rate term structures (see point D.2.6). Stochastic techniques were used when determining the time value of the options and guarantees.

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular mortality, disability, survival, lapse, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Life Underwriting Risk, Operational Risk and Counterparty Risk (in the part corresponding to the Life segment), allocated by line of business.

The value of the best estimate results from the sum of the claims provision and the value of the best estimate of future cash flows from policies held in portfolio.

The value of the claims provision corresponds to the value reported in the financial statements, at 31 December 2023, since the average payment time is very low so that any reduction caused by the discount effect would be minimal.

All liabilities cash flows are based on the concept of expected value, insofar as they are linked to probabilities of occurrence of events to which they are subject. These probabilities constitute second-order technical bases, and that expected value is therefore the Company's best estimate, following a historical analysis covering several years.

Income to calculate profit sharing, included in the claims estimates, was determined on the basis of assets held in portfolio at 31 December 2023 and their potential gains at that date. For such purpose, a "risk neutral" projection was made, in which different securities were subject to the reference interest rates curve (see point D.2.6), added to the recognition of potential gains at that date.

Therefore, in the case of fixed income securities, in order to determine the cash flows default probabilities were calculated so that the current value of those cash flows, discounted at the reference curve, was the same as the market value.

Profit sharing was calculated based on the minimum percentage of allocation, defined contractually.

For insurance with demographic risk, profit sharing was calculated on the technical and financial results and was distributed by payment in cash. In the case of annuities insurance, the profit-participation calculation also comes from the technical and financial results and was allocated by increase in future annuities. For capital redemption products, profit sharing was calculated on the financial results, and was allocated by addition to the mathematical provision, with the consequent increase in sums insured, that is, increase in the amounts paid at maturity, redemption or death.

The Monte Carlo method was used to determine the time value of the options and guarantees.

For unit-linked insurance without guarantees, the technical provision is calculated using the sum of the statutory technical provision (corresponding to the value of the assets) and the corresponding provision for expenses and risk margin. The provisions for expenses are calculated using the current value of the difference between the estimated expenses and the management costs charged at the end of each year.

For unit-linked insurance with guarantees, the best estimate is calculated using the current value of the best estimate of future cash flows, maturities, redemptions, claims, commissions, expenses and less any future premiums. When calculating the maturity cash flow, we consider the higher of the guaranteed value and the estimated value of the assets on the maturity date, with these figures being obtained based on their market value on the valuation date, on the reference curve (see point D.2.6) and net of the products' management costs.

Expenses are estimated using the unit costs calculated based on the total costs charged to unit-linked products in the previous year. Commissions are estimated in line with the distribution agreements for each product. Redemption and death cash flows are estimated based on probabilities calculated in line with the Company's past history.

The following calculation assumptions were used:

Decreases by Death and Disability

Mortality was analysed by class of products, namely: products in the event of death, in the event of life and the financial component. The disability risk was treated in the same way as the risk of death.

Decreases by Redemption and Cancellation

Decreases by cancellations and decreases by redemption were determined according to the historical experience for each type.

Technical Management Costs

Since these come into play in determining the economic value of the existing business, the acquisition costs were removed from the total expenses charged to the Life Line of Business, at 31 December 2023. The total expenses were divided by three different classes of products: Risk, Annuities (including funeral-type risk products) and Financial (unit-linked and capital redemption).

Premiums

For products with demographic risk all future premiums were considered, while for capital redemption products it was assumed that, if the policy is in force, the policyholder will comply with the established premiums payment plan, provided that the product's general and specific conditions so permit and only in scenarios in which the reference interest rate (see point D.2.6) is lower than the product's technical rate. For products whose contracts allow for extraordinary payments, the average payments made in the last five years were taken into account.

Commissions

Commissions cash flows were calculated based on the provision of services/ commissioning agreements in force in the Company, defined in the technical specifications and notes of the different types.

Future management measures

Regarding future management measures, it was agreed to maintain the portfolio's asset mix at the valuation date. Thus, the proportion of each class of assets and the structure of securities within each class will tend to remain the same over time in the representation in the mathematical provisions.

Policyholders' behaviour

Policyholders' behaviour in terms of redemptions and cancellations is that described in the point on Decreases by Redemption and Cancellation.

For capital redemption products the payment plans are dealt with in line with that set out in the point on Premiums.

Risk margin

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

The table below presents a comparison of the valuation of Life technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Index-linked and unit-linked insurance			
Contracts without options or guarantees	2,508,106	2,544,895	**-36,789**
Contracts with options or guarantees	297,103	303,765	**-6,662**
Capital redemption			
Contracts with profit sharing	1,141,315	1,312,916	**-171,601**
Contracts without profit sharing	4,476,328	4,496,737	**-20,409**
Risk			
Contracts with profit sharing	17,517	6,523	**10,994**
Contracts without profit sharing	-191,368	128,649	**-320,017**
Annuities			
Contracts with profit sharing	81,949	79,650	**2,299**
Contracts without profit sharing	93,796	112,234	**-18,438**
Reinsurance accepted			
Reinsurance accepted	2,573	2,968	**-395**
Total	**8,427,319**	**8,988,337**	**-561,018**

For risk products the differences are basically justified by the different contract boundaries used for the technical provisions in the financial statements for a series of temporary annual renewable (TAR) group life insurance contracts, as described in D.5.1. This change to the contract boundaries has a positive impact on the Company's solvency capital requirement coverage ratio of around 6.4 p.p.

The differences in the index-linked and unit-linked class arise from the current value of the difference between the estimated technical management costs and the future management costs.

For capital redemption products, with and without profit participation, the differences result, on the one hand, from the application of the transitional measure on technical provisions and, on the other, from the difference between the rates guaranteed to customers and the rates contained in the reference interest rates curve (see point D.2.6).

D.2.2. Non-Life

The table below presents the value of the Non-Life technical provisions by line of business, including the value of the best estimate and the risk margin.

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	Technical Provisions	Technical Provisions previous year
Motor vehicle liability insurance	402,375	9,588	**411,963**	**370,035**
Other motor insurance	85,652	4,077	**89,729**	**85,782**
Marine, aviation and transport insurance	4,470	471	**4,941**	**4,675**
Fire and other damage to property insurance	226,540	3,741	**230,281**	**215,399**
General liability insurance	177,075	2,400	**179,475**	**154,942**
Credit and suretyship insurance	505	18	**523**	**365**
Legal expenses insurance	221	29	**250**	**401**
Assistance	-3,542	134	**-3,408**	**-2,243**
Miscellaneous financial loss	12,179	1,277	**13,456**	**20,924**
Non-proportional reinsurance accepted	0	0	**0**	**0**
Total	**905,475**	**21,735**	**927,210**	**850,280**

The Non-Life technical provisions result from adding the value of the best estimate of the claims and premiums provisions and the risk margin.

The best estimate of the provisions corresponds to the current value of future projected cash flows related to insurance contracts, including premiums, claims, commissions and expenses, discounted using the relevant interest rate term structures (see point D.2.6).

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular claims, lapse, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Non-Life Underwriting Risk, Operational Risk and Counterparty Risk (in the part corresponding to the Non-Life segment), allocated by line of business.

The table below presents a comparison of the valuation of Non-Life technical provisions for solvency purposes and their valuation in the financial statements:

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Motor vehicle liability insurance	411,963	414,802	**-2,839**
Other motor insurance	89,729	125,506	**-35,777**
Marine, aviation and transport insurance	4,941	9,825	**-4,884**
Fire and other damage to property insurance	230,281	295,187	**-64,906**
General liability insurance	179,475	187,877	**-8,402**
Credit and suretyship insurance	523	448	**75**
Legal expenses insurance	250	2,895	**-2,645**
Assistance	-3,408	18,713	**-22,121**
Miscellaneous financial loss	13,456	12,124	**1,332**
Non-proportional reinsurance accepted	0	0	**0**
Other technical provisions	0	0	**0**
Total	**927,210**	**1,067,377**	**-140,167**

The main differences identified between the amounts in the financial statements and the Solvency II technical provisions are the result of:

- The application of different discounting structures;
- Methodological differences when valuing liabilities for remaining coverage reflected in the financial statements and in the Solvency II premium provision;
- Methodological differences when valuing the margin for non-financial risks in Solvency II (Risk Margin, in line with the standard formula) and in the financial statements (Risk adjustment, in line with IFRS 17).

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D.2.3. Health – SLT

The table below presents the value of the Health-SLT technical provisions by line of business, including the value of the best estimate, the risk margin and the value of the application of the transitional measure on technical provisions:

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	TMTP	Technical Provisions	Technical Provisions previous year
Health insurance (direct insurance)					
Contracts without options or guarantees	0	0	0	**0**	**0**
Contracts with options or guarantees	0	0	0	**0**	**0**
Health insurance (reinsurance accepted)					
Health insurance (reinsurance accepted)	0	0	0	**0**	**0**
Annuities stemming from non-life insurance contracts					
relating to health insurance obligations	1,100,406	89,472	-177,842	**1,012,036**	**897,493**
relating to insurance obligations other than health insurance obligations	0	0	0	**0**	**0**
Total	**1,100,406**	**89,472**	**-177,842**	**1,012,036**	**897,493**

The Health - SLT technical provisions result from adding the value of the best estimate of the claims provisions and the risk margin, adjusted by the transitional measure on technical provisions (TMTP).

The best estimate of the provisions corresponds to the current value of future projected cash flows related to insurance contracts, including claims and expenses, discounted using the relevant interest rate term structures (see point D.2.6.).

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular survival, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Health - SLT Underwriting Risk and Operational Risk (in the part corresponding to the Health - SLT segment).

The table below presents a comparison of the valuation of Health - SLT technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Health insurance (direct insurance)			
Contracts without options or guarantees	0	0	**0**
Contracts with options or guarantees	0	0	**0**
Health insurance (reinsurance accepted)			
Health insurance (reinsurance accepted)	0	0	**0**
Annuities stemming from non-life insurance contracts			
relating to health insurance obligations	1,012,036	1,095,634	**-83,598**
relating to insurance obligations other than health insurance obligations	0	0	**0**
Total	**1,012,036**	**1,095,634**	**-83,598**

Considering the adjustment of the transitional measure on technical provisions, the impact of revaluing the provisions results fundamentally from the evolution of the interest rates term structure referred to in point D.2.6.

D.2.4. Health – NSLT

The table below presents the value of the Health – NSLT technical provisions by line of business, including the value of the best estimate and the risk margin.

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	Technical Provisions	Technical Provisions previous year
Medical expense insurance	97,313	363	**97,676**	**103,557**
Income protection insurance	59,412	9,946	**69,358**	**54,093**
Workers' compensation insurance	76,701	5,522	**82,223**	**77,833**
Total	**233,426**	**15,831**	**249,257**	**235,483**

The Health – NSLT technical provisions result from adding the value of the best estimate of the claims and premiums provisions and the risk margin.

The best estimate of the provisions corresponds to the current value of future projected cash flows related to insurance contracts, including premiums, claims, commissions and expenses, discounted using the relevant interest rates term structures (see point D.2.6.).

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular claims, lapse, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Health - NSLT Underwriting Risk, Operational Risk and Counterparty Risk (in the part corresponding to the Health - NSLT segment), allocated by line of business.

The table below presents a comparison of the valuation of Health - NSLT technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Medical expense insurance	97,676	122,505	**-24,829**
Income protection insurance	69,358	66,595	**2,763**
Workers' compensation insurance	82,223	86,853	**-4,630**
Total	**249,257**	**275,953**	**-26,696**

The main differences identified between the amounts in the financial statements and the Solvency II technical provisions are the result of:

- The application of different discounting structures;
- Methodological differences when valuing liabilities for remaining coverage reflected in the financial statements and in the Solvency II premium provision;
- Methodological differences when valuing the margin for non-financial risks in Solvency II (Risk Margin, in line with the standard formula) and in the financial statements (Risk adjustment, in line with IFRS 17).

D.2.5. Inflation rate

The harmonised index of prices, three-year forecast, disclosed by Banco de Portugal in December 2023 is used to calculate the best estimate.

In the best estimate projections, 2.9% was considered in 2024 and 2.0% in 2025 and subsequent years.

D.2.6. Reference interest rates

When valuing the technical provisions in Solvency II, the Company used the relevant risk-free interest rate structures set out in Commission Implementing Regulation (EU) 2024/456, de 7 February 2024, without volatility adjustment.

In the financial statements, the following approaches were used, as established by IFRS 17:

Segment	Product Type	Approach
Life	Annuities	Top-down
	Risk	Bottom-up
	Capital redemption with guaranteed rate	Stochastic approach
Non-Life	Reinsurance	Bottom-up
	Direct Insurance	

D.3. Other liabilities

The table below presents a comparison of the valuation of other liabilities for solvency purposes and their valuation in the financial statements:

Amounts in thousand euros

Liabilities	Solvency II	Financial statements	Difference	Solvency II previous year
Contingent liabilities	0	0	**0**	**0**
Provisions other than technical provisions	29,692	29,692	**0**	**35,452**
Pension benefit obligations	7,347	7,347	**0**	**6,053**
Deposits from reinsurers	186,679	186,679	**0**	**149,623**
Deferred tax liabilities	395,981	133,139	**262,842**	**420,404**
Derivatives	309,436	310,222	**-786**	**167,770**
Debts owed to credit institutions	0	0	**0**	**0**
Financial liabilities other than debts owed to credit institutions	55,675	44,192	**11,483**	**34,854**
Insurance and intermediaries payables	96,805	96,805	**0**	**103,968**
Reinsurance payables	94,414	94,414	**0**	**91,905**
Payables (trade, not insurance)	62,878	62,878	**0**	**64,467**
Subordinated liabilities	482,667	503,325	**-20,658**	**462,590**
Any other liabilities, not elsewhere shown	161,258	131,582	**29,676**	**189,936**
Total	**1,882,832**	**1,600,275**	**282,557**	**1,727,022**

Other liabilities are generally valued in the financial statements at fair value. Specific situations where that is not the case are described below.

The differences, by class of liability, are:

Deferred tax liabilities

The difference results from the application of the tax rate to gains with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a positive impact on own funds.

Derivatives

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and “Financial liabilities other than debts owed to credit institutions”.

Financial liabilities other than debts owed to credit institutions

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and “Derivatives”.

Subordinated liabilities

The difference is due to the fact that in Solvency II subordinated liabilities are valued at fair value, while in the financial statements they are initially recognised at fair value (less directly related transaction costs) and subsequently measured at amortised cost.

Any other liabilities, not elsewhere shown

This results from the difference, when negative, between the balances of current accounts related with futures contracts and the components relating either to the valuation of unmatured contracts (recorded under the heading “Derivatives”) or to the initial margin (collateral), which were considered in the financial statements valuation under the heading “Any other assets, not elsewhere shown”, and “Sight deposits” with negative balances which were considered in the financial statements valuation under the heading “Cash and cash equivalents”.

D.4. Alternative valuation methods

As mentioned in point D.1.1 of this report, the Company does not make valuations from financial models.

D.5. Any other information

D.5.1. Changing the contract boundaries of temporary annual renewable insurance contracts

When calculating the best estimate of the Life obligations relating to temporary annual renewable (TAR) life insurance contracts, the contract boundary considered is the date of the next renewal except for contracts for which the Company has provenly waived the unilateral right to terminate the contract and to reject or amend the tariffs in force.

For these contracts, which are linked to mortgages, for the purpose of valuing their technical provisions, the Company considered their contract boundary to be the maturity of the mortgage agreement associated with each adhesion, and for contracts with the "Funeral Service Organisation and Expenses" and "Adjustment of the funeral service to a Vault, Drawer or Perpetual Grave" covers the boundary was considered to be indefinite, and lapse probabilities were taken into account. Although the reinsurance treaty associated with mortgage-linked contracts is of annual duration, when calculating the reinsurance recoverables the Company assumed a time limit consistent with the limits of the insurance contract to which they relate, according to the understanding of the ASF. For the purposes of the Financial Statements profits are recognised over the duration of the contracts, so future profits are not yet recognised as own funds.

D.5.2. Application of the transitional deduction to technical provisions

Pursuant to Article 25 of Law No. 147/2015, of 9 September, the Company applied the transitional deduction to technical provisions for similar to life obligations, in the following groups of homogeneous risks:

- Capital redemption products, with and without profit sharing;
- Health – SLT, relating to obligations with workers' compensation insurance contracts.

ASF ruled that for 2019 the transitional deduction to technical provisions must be recalculated, based on 31 December 2018 information, and the reduction resulting from that calculation (if greater than the normal gradual reduction) must be reported on the first day of 2019.

Accordingly, the following table contains the respective amounts of the gross technical provisions and the reinsurance recoverables, for solvency purposes, with the reference date of 1/1/2019[10], and in the financial statements, with the reference date of 31 December 2018. The amount of the transitional deduction applied is also shown.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Gross Technical Provisions			Reinsurance Recoverables		Transitional Deduction
		Financial Statements	Solvency II		Financial Statements	Solvency II	
			Best Estimate	Risk Margin			
29 and 33	Life insurance obligations - Health – SLT	699,747	881,404	75,225	0	0	256.882
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	1,254,522	1,382,107	9,559	0	0	137.145
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	5,087,284	5,268,160	11,889	0	0	192.764
Total		**7.041.553**	**7,531,671**	**96,673**	**0**	**0**	**586,791**

[10] Pursuant to Article 25(5) of Law No. 147/2015, of 9 September 2015, the ASF requested all insurance companies covered by the transitional rules to recalculate the transitional deduction, using information relating to 31 December 2018 as the basis for recalculation and with an effective date of 1 January 2019

Pursuant to Article 25 of Law No. 147/2015, of 9 September, the Company applied the transitional deduction to technical provisions on the first day of 2023. The table below shows the amount of that deduction at 31 December 2023.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Transitional Deduction			
		Recalculation 1/1/2019	Annual decrease	Accumulated decrease to 31/12/2023 (4 years)	Amount at 31/12/2023
29 and 33	Life insurance obligations - Health – SLT	256,882	-19,760	-79,041	**177.841**
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	137,145	-10,550	-42,198	**94.947**
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	192,764	-14,828	-59,312	**133.452**
Total		**586.791**	**-45,138**	**-180,551**	**406,240**

The following table quantifies the impact on the Company's financial condition, at 31 December 2023, of not applying this transitional deduction, namely the impact on the amount of the technical provisions, solvency capital requirement, minimum capital requirement, basic own funds and eligible own funds to meet the minimum capital requirement and the solvency capital requirement.

Amounts in thousand euros

	Transitional measure on technical provisions		
	Amount with the transitional measure	Amount without the transitional measure	Impact of the transitional measure
Technical provisions	**10,615,822**	**11,022,063**	**-406,241**
Basic own funds			
Excess of assets over liabilities	2,656,172	2,377,897	278,274
Eligible own funds to meet SCR	**3,138,690**	**2,860,415**	**278,275**
Solvency Capital Requirement (SCR)	**1,492,206**	**1,498,705**	**-6,499**
SCR coverage ratio	**210.34%**	**190.86%**	
Eligible own funds to meet MCR	**2,705,623**	**2,300,378**	**405,245**
Minimum Capital Requirement (MCR)	**390,588**	**395,565**	**-4,977**
MCR coverage ratio	**692.71%**	**581.54%**	

The impact of the annual decrease in the transitional deduction to technical provisions, on the first day of 2024, is approximately 0.4% of the total amount of the Company's technical provisions and 2.1 p.p. of its SCR, and the effects on the solvency position are therefore immaterial.

E. Capital Management

During the period covered by this report, there were no significant changes related to the objectives, policies and processes adopted by the Company to manage its own funds.

The changes which occurred in 2023, both in the Company's own funds and in its solvency capital requirement are explained in this chapter.

E.1. Own funds

E.1.1. Management of own funds

The new legal framework on the taking-up and pursuit of the business of insurance requires insurance undertakings to have an effective risk management system.

Accordingly, the own risk and solvency assessment, normally identified by the acronym ORSA, is considered a central element in this system, since, from a prospective vision, it relates risk, capital and return, in the context of the business strategy established by the insurance undertaking.

The ORSA exercise, which coincides with the Company's strategic planning timeframe (never less than 3 years), plays a key role in the Company's Capital Management, supporting its main activities, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business strategy and capital management strategy;
- Contributing to the commencement of the strategic planning process, through the performance of a capital adequacy assessment in the most recent period;
- Monitoring of capital adequacy in line with the regulatory capital requirements and the internal capital needs.

Considering the results obtained in the ORSA, and if the capital requirements are not in line with those defined, both in regulatory terms and in terms of other limits defined internally, corrective actions to be implemented are detailed, in order to restore the adequate/intended level of capital.

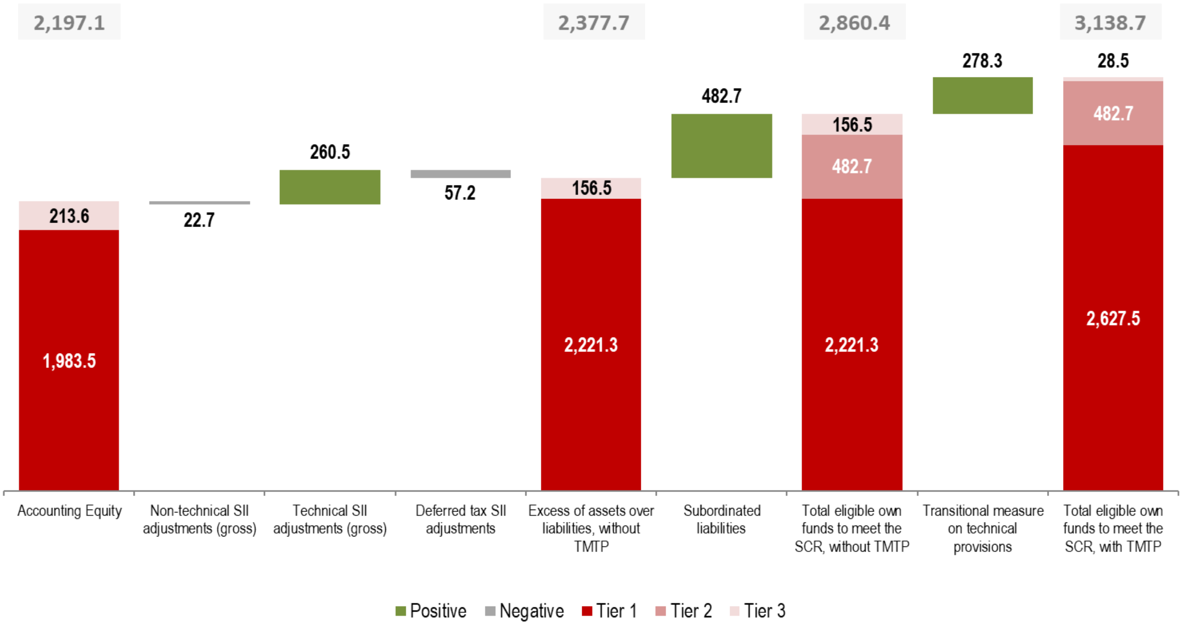
E.1.2. Structure, amount and tiering of own funds

The table below presents a comparison of the own funds as set out in the Company's financial statements and the excess of assets over liabilities calculated for solvency purposes.

Amounts in thousand euros

	Solvency II	Financial statements	Difference	Solvency II previous year
Assets	15,154,826	15,224,861	-70,035	15,199,642
Technical Provisions	10,615,822	11,427,301	-811,479	10,890,505
Other liabilities	1,882,832	1,600,275	282,557	1,727,022
Excess of assets over liabilities	**2,656,172**	**2,197,285**	**458,887**	**2,582,115**

The difference is explained in the graph below in million euros.



The table below provides information on the structure, amount and quality of the basic own funds and ancillary own funds, at 31 December 2023 and 31 December 2022.

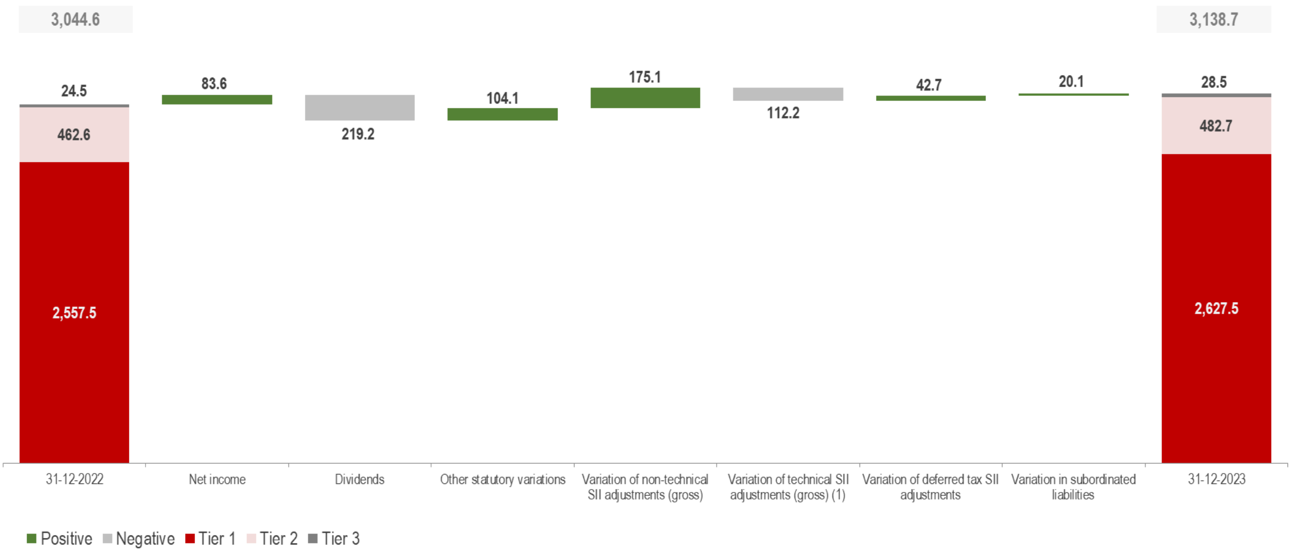
Amounts in thousand euros

	Own Funds - Structure	Amount	Tier	Amount previous year	Tier previous year
Basic own funds	Ordinary share capital (gross of own shares)	509,264	1	509,264	1
	Share premium account related to ordinary share capital	382,666	1	382,666	1
	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0		0	
	Subordinated mutual members accounts	0		0	
	Surplus funds	0		0	
	Preference shares	0		0	
	Share premium account related to preference shares	0		0	
	Reconciliation reserve	1,735,576	1	1,665,537	1
	Subordinated liabilities	482,667	2	462,590	2
	An amount equal to the value of net deferred tax assets	28,517	3	24,499	3
	Other items approved by the supervisory authority as basic own funds not specified above	0		0	
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0		0	
	Deductions for participations in financial and credit institutions	0		0	
Total basic own funds		**3.138.690**		**3,044,556**	

Amounts in thousand euros

Own Funds - Structure		Amount	Tier	Amount previous year	Tier previous year
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	0		0	0
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings, callable on demand	0		0	0
	Unpaid and uncalled preference shares callable on demand	0		0	0
	A legally binding commitment to subscribe and pay for subordinated liabilities	0		0	0
	Letters of credit and guarantees under Article 96(2) of Directive 2009/138/EC	0		0	0
	Letters of credit and guarantees other than under Article 96(2) of Directive 2009/138/EC	0		0	0
	Supplementary members calls under first subparagraph of Article 96(3) of Directive 2009/138/EC	0		0	0
	Supplementary members calls other than under first subparagraph of Article 96(3) of Directive 2009/138/EC	0		0	0
	Other ancillary own funds	0		0	0
Total ancillary own funds		**0**		**0**	
Total available own funds		**3,138,690**		**3,044,556**	

The graph below shows, in million euros, the main changes to the Company's available own funds during the period covered by this report:



(1) Includes the reduction of the Transitional Measure on Technical Provisions of 45,1 million euros.

The table below shows the amounts of own funds available and eligible to meet the solvency capital requirement (SCR) and the minimum capital requirement (MCR), classified by tier, relating to 31 December 2023 and 31 December 2022:

Amounts in thousand euros

	Available own funds to meet				Eligible own funds to meet			
	SCR	SCR previous year	MCR	MCR previous year	SCR	SCR previous year	MCR	MCR previous year
Tier 1	2,627,506	2,557,467	2,627,506	2,557,467	2,627,506	2,557,467	2,627,506	2,557,467
Tier 2	482,667	462,590	482,667	462,590	482,667	462,590	78,117	77,952
Tier 3	28,517	24,499	0	0	28,517	24,499	0	0
Total	**3,138,690**	**3,044,556**	**3,110,173**	**3,020,057**	**3,138,690**	**3,044,556**	**2,705,623**	**2,635,419**

No restrictions were identified which affect the availability and transferability of the company's own funds.

E.2. Solvency capital requirement and minimum capital requirement

To calculate the solvency capital requirement, the Company applies the standard formula set out in Articles 119 to 129 of the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance, approved by Law No. 147/2015, of 9 September, and does not use simplified calculations or specific company parameters.

Calculation of the minimum capital requirement is in line with that set out in Article 147 of the aforementioned Legal Framework.

Information is presented below on the solvency capital requirement (SCR) and the minimum capital requirement (MCR) and also the respective coverage ratio, at 31 December 2023 and 31 December 2022.

Amounts in thousand euros

	Capital Requirements	Capital Requirements previous year	Coverage Ratio	Coverage Ratio previous year
SCR	1,492,206	1,442,830	210.34%	211.01%
MCR	390,588	389,758	692.71%	676.17%

The table below provides a breakdown of the SCR by risk modules, with reference to 31 December 2023 and 31 December 2022, focusing, in particular, on the breakdown of the BSCR and the adjustments for the loss-absorbing capacity of the technical provisions and of deferred taxes.

Amounts in thousand euros

	SCR Breakdown	SCR Breakdown previous year
Market risk	1,248,287	1,255,566
Counterparty default risk	149,562	187,340
Life underwriting risk	287,476	319,746
Health underwriting risk	259,103	191,420
Non-life underwriting risk	275,037	245,928
Diversification	-628,422	-609,919
Intangible asset risk	0	0
Basic Solvency Capital Requirement	**1,591,043**	**1,590,081**
Operational risk	136,040	90,771
Loss-absorbing capacity of technical provisions	-235	-2,904
Loss-absorbing capacity of deferred taxes	-234,643	-235,118
Solvency Capital Requirement	**1,492,205**	**1,442,830**

Information on the main changes to the solvency capital requirement in the period covered by this report, and the reasons for those changes, are included in Chapter C.

E.3. Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

The Company does not use the duration-based equity risk sub-module, set out in Article 125(5) of the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance, approved by Law No. 147/2015, of 9 September.

E.4. Differences between the standard formula and any internal model used

As previously stated, the Company uses the standard formula, and does not apply any internal model.

E.5. Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

There was no failure to comply with the minimum capital requirement or the solvency capital requirement during the period covered by this report.

E.6. Information on deferred taxes

On its 2023 Solvency balance sheet the Company recognised EUR 424,498,039 for deferred tax assets.

This amount corresponds almost in its entirety to deferred tax assets recognised on the basis of the existence of deductible temporary differences. The Company recognised deferred tax assets that can be utilised against probable future taxable profit of around EUR 38 million.

There are basic own-fund items available relating to net deferred tax assets of EUR 28,517,000.

E.7. Any other information

E.7.1. Transitional measure on equity risk

The Company did not apply the transitional regime applicable to the equity risk set out in Article 20(2) and (3) of Law No. 147/2015, of 9 September.

E.7.2. Futures, forwards and swaps contracts

Calculation of capital requirements of the currency risk sub-module includes the effect of hedging of exchange rate exposure of assets held in portfolio denominated in American dollars (USD), Hong Kong dollars (HKD) and Pounds sterling (GBP), via the use of futures and foreign exchange forwards and swaps, and of assets denominated in Yen (JPY) and Swiss francs (CHF), via the use of foreign exchange forwards.

The counterparty default risk module also takes into account exposure to counterparties with which the above-mentioned hedging is performed.

E.7.3. Optional additional information

The Company continues to monitor the conflicts in Ukraine and in the Middle East, and will actively react to possible impacts on the solvency ratio.

Annexes

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Annex – Quantitative Information *

* Amounts in thousand euros

S.02.01.02
Balance Sheet

		Solvency II Value
		C0010
ASSETS		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	424,498
Pension benefit surplus	R0050	22,588
Property, plant and equipment held for own use	R0060	76,981
Investments (other than Assets held for index-linked and unit-linked contracts)	R0070	10,847,311
Property (other than for own use)	R0080	11,061
Holdings in related undertakings, including participations	R0090	3,193,191
Equities	R0100	311,110
Equities — listed	R0110	309,887
Equities — unlisted	R0120	1,223
Bonds	R0130	6,247,962
Government bonds	R0140	1,975,475
Corporate bonds	R0150	4,090,798
Structured notes	R0160	181,689
Collateralised securities	R0170	0
Collective investment undertakings	R0180	737,408
Derivatives	R0190	184,800
Deposits other than cash equivalents	R0200	161,779
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	2,847,883
Loans and mortgages	R0230	74,273
Loans on policies	R0240	1,183
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	73,090
Reinsurance recoverables from:	R0270	368,986
Non-Life and Health similar to non-life	R0280	343,607
Non-life, excluding health insurance	R0290	224,866
Health similar to non-life	R0300	118,741
Life and Health similar to life, excluding health insurance and index-linked and unit-linked	R0310	25,379
Health similar to life	R0320	0
Life, excluding health and index-linked and unit-linked	R0330	25,379
Life, index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	1,149
Insurance and intermediaries receivables	R0360	99,647
Reinsurance receivables	R0370	65,042
Receivables (trade, not insurance)	R0380	52,418
Own shares (held directly)	R0390	149
Amounts due in respect of own fund items or initial funds called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	202,405
Any other assets, not elsewhere shown	R0420	71,495
TOTAL ASSETS	R0500	**15,154,825**

S.02.01.02
Balance Sheet

		Solvency II Value
		C0010
LIABILITIES		
Technical provisions — non-life	R0510	1,176,466
Technical provisions — non-life (excluding health)	R0520	927,209
TP calculated as a whole	R0530	0
Best Estimate	R0540	905,474
Risk margin	R0550	21,735
Technical provisions — health (similar to non-life)	R0560	249,257
TP calculated as a whole	R0570	0
Best Estimate	R0580	233,426
Risk margin	R0590	15,831
Technical provisions — life (excluding index-linked and unit-linked)	R0600	6,634,146
Technical provisions — health (similar to life)	R0610	1,012,036
TP calculated as a whole	R0620	0
Best Estimate	R0630	922,565
Risk margin	R0640	89,472
Technical provisions — life (excluding health and index-linked and unit-linked)	R0650	5,622,110
TP calculated as a whole	R0660	0
Best Estimate	R0670	5,485,257
Risk margin	R0680	136,853
Technical provisions — index-linked and unit-linked	R0690	2,805,209
TP calculated as a whole	R0700	2,544,895
Best Estimate	R0710	254,868
Risk margin	R0720	5,446
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	29,692
Pension benefit obligations	R0760	7,347
Deposits from reinsurers	R0770	186,679
Deferred tax liabilities	R0780	395,981
Derivatives	R0790	309,437
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	55,675
Insurance and intermediaries payables	R0820	96,805
Reinsurance payables	R0830	94,414
Payables (trade, not insurance)	R0840	62,878
Subordinated liabilities	R0850	482,667
Subordinated liabilities not classified in basic own funds (BOF)	R0860	0
Subordinated liabilities classified in basic own funds (BOF)	R0870	482,667
Any other liabilities, not elsewhere shown	R0880	161,258
TOTAL LIABILITIES	R0900	**12,498,654**

EXCESS OF ASSETS OVER LIABILITIES	R1000	**2,656,172**

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business: non-life insurance and reinsurance obligations (direct business and proportional reinsurance accepted)												Line of business: Non-proportional reinsurance accepted				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct business	R0110	480,196	48,435	332,995	316,351	241,056	26,044	368,317	82,568	451	7,272	52,894	26,306					**1,982,885**
Gross — Proportional reinsurance accepted	R0120	86	56	497	21,279	639	118	8,723	434	6			169					**32,007**
Gross — Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	477,530	17,030	17,351	3,374	62	13,849	172,601	40,121	383	5,409	41,403	16,891					**806,004**
Net	R0200	2,752	31,461	316,141	334,255	241,632	12,313	204,439	42,881	74	1,863	11,492	9,585					**1,208,888**
Premiums earned																		
Gross - Direct business	R0210	464,881	43,292	331,371	307,871	230,150	26,208	356,862	95,993	401	6,964	51,078	26,798					**1,941,870**
Gross — Proportional reinsurance accepted	R0220	86	56	497	21,279	639	141	8,841	710	6			123					**32,377**
Gross — Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	462,171	14,281	17,351	3,374	61	14,409	172,216	55,597	328	5,409	41,433	16,984					**803,612**
Net	R0300	2,796	29,068	314,518	325,776	230,728	11,939	193,488	41,106	79	1,555	9,645	9,937					**1,170,634**
Claims incurred																		
Gross - Direct business	R0310	352,875	13,099	218,966	246,375	127,882	5,951	176,153	55,019	-54		-7	13,039					**1,209,298**
Gross — Proportional reinsurance accepted	R0320	-34	19	-646	16,005	64	-16	13,298	972	11								**29,673**
Gross — Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	350,166	511	-18	4,138	6	1,448	71,742	42,227	-5		-3	4,199					**474,411**
Net	R0400	2,675	12,607	218,337	258,242	127,940	4,486	117,709	13,764	-38		-4	8,840					**764,560**
Expenses incurred	R0550	-3,244	18,411	87,160	106,968	66,667	3,916	84,717	22,213	77	1,425	15,109	1,196					**404,616**
Other expenses	R1200																	**75,293**
Total technical expenses	R1300																	**479,909**

S.05.01.02 **Premiums, claims and expenses by line of business**		Line of business: Life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit sharing	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410		39,338	336,029	1,221,052				8,282	**1,604,701**
Reinsurers' share	R1420		1,105		21,760					**22,865**
Net	R1500		38,232	336,029	1,199,292				8,282	**1,581,836**
Premiums earned										
Gross	R1510		39,259	336,029	1,221,692				8,282	**1,605,262**
Reinsurers' share	R1520		1,105		21,768					**22,873**
Net	R1600		38,154	336,029	1,199,924				8,282	**1,582,389**
Claims incurred										
Gross	R1610		51,644	154,296	1,933,932				4,156	**2,144,029**
Reinsurers' share	R1620		-55		7,044					**6,989**
Net	R1700		51,699	154,296	1,926,889				4,156	**2,137,040**
Expenses incurred	R1900		14,597	24,439	98,326				143	**137,505**
Other expenses	R2500									
Total technical expenses	R2600									**137,505**

S.12.01.02
Life and Health STL Technical Provisions

		Insurance with profit sharing	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Reinsurance accepted	Total (Life other than health, including unit-linked)	Health insurance (direct insurance)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health insurance (reinsurance accepted)	Total (Health similar to life)
				Contracts without options or guarantees	Contracts with options or guarantees		Contracts without options or guarantees	Contracts with options or guarantees					Contracts without options or guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0	2,544,895			0			0	0	**2,544,895**	0			0	0	**0**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0	0			0			0	0	**0**	0			0	0	**0**
Technical provisions calculated as the sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	R0030	1,322,532		-40,801	295,669		-212,038	4,600,588	0	2,574	**5,968,524**		0	0	1,100,406	0	**1,100,406**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	100		0	0		24,964	0	0	316	**25,379**		0	0	0	0	**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re — total	R0090	1,322,433		-40,801	295,669		-237,002	4,600,588	0	2,258	**5,943,144**		0	0	1,100,406	0	**1,100,406**
Risk Margin	R0100	13,195	5,446			123,658			0	0	**142,299**	0			89,472	0	**89,472**
Amount of the transitional measures on technical provisions																	
Technical provisions calculated as a whole	R0110	0	0			0			0	0	**0**	0			0	0	**0**
Best estimate	R0120	-94,946		0	0		0	-133,452	0	0	**-228,398**		0	0	-177,842	0	**-177,842**
Risk Margin	R0130	0	0			0			0	0	**0**	0			0	0	**0**
Technical Provisions - Total	R0200	**1,240,781**	**2,805,209**	**0**	**0**	**4,378,756**	**0**	**0**	**0**	**2,574**	**8,427,319**	**0**	**0**	**0**	**1,012,036**	**0**	**1,012,036**

S.17.01.02
Non-Life Technical Provisions

		Direct insurance and proportional reinsurance accepted												Non-proportional reinsurance accepted				
		Medical expenses insurance	Income protection insurance	Workers' compensation insurance	Motor liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	**Total Non-Life Obligations**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Technical provisions calculated as the sum of BE and RM																		
Best Estimate																		
Provisions for premiums																		
Gross	R0060	10,198	11,710	11,441	91,000	54,370	-2,699	58,870	50,068	15	221	-3,546	-2,095	0	0	0	0	**279,553**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	8,309	-119	0	0	7	-328	26,498	49,290	2	-3,348	-26,218	527	0	0	0	0	**54,620**
Net Best Estimate of provisions for premiums	R0150	1,889	11,828	11,441	91,000	54,363	-2,371	32,372	778	12	3,570	22,672	-2,621	0	0	0	0	**224,932**
Claims provisions																		
Gross	R0160	87,115	47,703	65,260	311,375	31,281	7,169	167,670	127,006	490	0	4	14,274	0	0	0	0	**859,348**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	83,680	24,700	2,171	14,243	29	1,146	107,951	52,794	0	0	0	2,273	0	0	0	0	**288,987**
Net Best Estimate of claims provisions	R0250	3,435	23,003	63,089	297,132	31,252	6,023	59,719	74,213	490	0	4	12,001	0	0	0	0	**570,361**
Best estimate total — Gross	R0260	97,313	59,412	76,701	402,375	85,652	4,470	226,540	177,075	505	221	-3,542	12,179	0	0	0	0	**1,138,900**
Best estimate total — Net	R0270	5,325	34,831	74,530	388,131	85,615	3,652	92,091	74,991	502	3,570	22,676	9,380	0	0	0	0	**795,293**
Risk Margin	R0280	363	9,946	5,522	9,588	4,077	471	3,741	2,400	18	29	134	1,277	0	0	0	0	**37,566**
Amount of the transitional measures on technical provisions																		
Technical provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Best estimate	R0300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Risk Margin	R0310	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TECHNICAL PROVISIONS - TOTAL																		
Technical provisions - Total	R0320	97,676	69,358	82,223	411,962	89,729	4,941	230,280	179,475	523	250	-3,408	13,457	0	0	0	0	**1,176,466**
Technical provisions - Total	R0330	91,989	24,581	2,171	14,243	36	818	134,449	102,084	2	-3,348	-26,218	2,799	0	0	0	0	**343,607**
Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default — total	R0340	5,687	44,777	80,052	397,719	89,693	4,122	95,831	77,391	521	3,598	22,810	10,657	0	0	0	0	**832,859**

S.19.01.21
Non-life insurance claims

Total non-life business

Accident year/Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +			In current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											4,473		R0100	4,473	4,473
N-9	R0160	356,639	132,400	27,186	11,640	6,259	4,221	1,973	2,363	1,727	2,227	0		R0160	2,227	546,634
N-8	R0170	366,983	152,094	24,527	10,968	7,867	4,780	3,578	3,697	1,484	0	0		R0170	1,484	575,979
N-7	R0180	413,674	164,849	64,573	31,513	10,520	5,767	3,903	1,157	0	0	0		R0180	1,157	695,955
N-6	R0190	457,188	197,565	35,269	16,265	9,803	3,839	4,579	0	0	0	0		R0190	4,579	724,508
N-5	R0200	494,422	197,424	27,532	12,459	12,989	6,291	0	0	0	0	0		R0200	6,291	751,117
N-4	R0210	509,549	196,701	27,134	20,454	15,214	0	0	0	0	0	0		R0210	15,214	769,052
N-3	R0220	475,719	151,805	23,632	15,389	0	0	0	0	0	0	0		R0220	15,389	666,545
N-2	R0230	546,403	213,111	36,719	0	0	0	0	0	0	0	0		R0230	36,719	796,233
N-1	R0240	604,855	236,379	0	0	0	0	0	0	0	0	0		R0240	236,379	841,234
N	R0250	696,583	0	0	0	0	0	0	0	0	0	0		R0250	696,583	696,583
													Total	R0260	**1,020,496**	**7,068,312**

(absolute amount) **Gross undiscounted best estimate of claims provisions**

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +			Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											53,432		R0100	47,688
N-9	R0160	0	0	47,529	34,552	23,802	18,894	17,610	15,356	13,541	10,668	0		R0160	9,880
N-8	R0170	0	74,867	42,165	28,001	20,862	16,074	14,544	11,719	8,560	0	0		R0170	7,835
N-7	R0180	272,063	140,907	68,543	30,649	19,879	16,006	12,000	8,024	0	0	0		R0180	7,368
N-6	R0190	292,091	89,717	53,735	38,175	28,771	25,444	21,497	0	0	0	0		R0190	19,924
N-5	R0200	267,820	73,175	49,787	38,619	28,612	19,557	0	0	0	0	0		R0200	18,097
N-4	R0210	262,357	88,037	66,959	49,073	34,162	0	0	0	0	0	0		R0210	31,836
N-3	R0220	215,635	74,015	63,200	61,928	0	0	0	0	0	0	0		R0220	57,489
N-2	R0230	323,496	102,053	64,747	0	0	0	0	0	0	0	0		R0230	61,118
N-1	R0240	333,408	109,782	0	0	0	0	0	0	0	0	0		R0240	103,908
N	R0250	396,661	0	0	0	0	0	0	0	0	0	0		R0250	384,258
													Total	R0260	**749,400**

S.22.01.21

Impact of long-term guarantees and transitional measures

		Amount with long-term guarantees and transitional measures	Impact of transitional measures on technical provisions	Impact of transitional measures on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	10,615,822	406,240	0	0	0
Basic own funds	R0020	3,138,690	-278,274	0	0	0
Eligible own funds to meet Solvency Capital Requirement	R0050	3,138,690	-278,274	0	0	0
Solvency Capital Requirement	R0090	1,492,206	6,499	0	0	0
Eligible own funds to meet Minimum Capital Requirement	R0100	2,705,623	-405,245	0	0	0
Minimum Capital Requirement	R0110	390,588	4,977	0	0	0

S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sectors as set out in Article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	509,264	509,264		0	
Share premium account related to ordinary share capital	R0030	382,666	382,666		0	
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual members accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	1,735,576	1,735,576			
Subordinated liabilities	R0140	482,667		0	482,667	0
An amount equal to the value of net deferred tax assets	R0160	28,517				28,517
Other items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS	R0290	**3,138,690**	**2,627,506**	**0**	**482,667**	**28,517**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first sub-paragraph of Article 96(3) of Directive 2009/138/EC	R0360	0			0	
Supplementary members calls other than under first sub-paragraph of Article 96(3) of Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
TOTAL ANCILLARY OWN FUNDS	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	3,138,690	2,627,506	0	482,667	28,517
Total available own funds to meet the MCR	R0510	3,110,173	2,627,506	0	482,667	
Total eligible own funds to meet the SCR	R0540	3,138,690	2,627,506	0	482,667	28,517
Total eligible own funds to meet the MCR	R0550	2,705,623	2,627,506	0	78,118	
SCR	R0580	1,492,206				
MCR	R0600	390,588				
Ratio of eligible own funds to SCR	R0620	210.34%				
Ratio of eligible own funds to MCR	R0640	692.71%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2.656.172
Own shares (held directly and indirectly)	R0710	149
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	920.447
Adjustments for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	0
Reconciliation reserve	R0760	1.735.576
Expected Profits		
Expected profits included in future premiums (EPIFP) — Life business	R0770	358.977
Expected profits included in future premiums (EPIFP) — Non-life business	R0780	44.766
Total Expected profits included in future premiums (EPIFP)	R0790	**403.744**

S.25.01.21

Solvency Capital Requirement — for undertakings on standard formula

		Gross solvency capital requirement	Undertaking-Specific Parameter (USP)	Simplifications
		C0110	C0090	C0120
Market risk	R0010	1,248,287		
Counterparty default risk	R0020	149,562		
Life underwriting risk	R0030	287,476	0	0
Health underwriting risk	R0040	259,103	0	0
Non-life underwriting risk	R0050	275,037	0	0
Diversification	R0060	-628,422		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	**1,591,043**	**0**	**0**

Calculation of Solvency Capital Requirement

			C0100
Operational risk	R0130		136,040
Loss-absorbing capacity of technical provisions	R0140		-235
Loss-absorbing capacity of deferred taxes	R0150		-234,643
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		0
Solvency capital requirement excluding capital add-on	R0200		1,492,206
Capital add-on already set	R0210		0
SOLVENCY CAPITAL REQUIREMENT	R0220		**1,492,206**
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410		0
Total amount of Notional Solvency Capital Requirement for ring-fenced funds	R0420		0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430		0
Diversification effects due to RFF SCR aggregation for Article 304	R0440		0
			0
Approach to tax rate			0
		Yes/No	
		C0109	
Approach relating to tax rate	R0590		2
			0
Approach based on average tax rate			0
		LAC DT	
		C0130	
LAC DT	R0640		-234,643
LAC DT justified by reversion of deferred tax liabilities	R0650		-69,215
LAC DT justified by reference to probable future taxable economic profit	R0660		-165,428
LAC DT justified by carry back, current year	R0670		0
LAC DT justified by carry back, future years	R0680		0
Maximum LAC DT	R0690		-543,957

S.28.02.01

Minimum Capital Requirement — Both life and non-life business

		Non-Life business	Life business
		MCR(NL,NL) Result	MCR(NL,L) Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	177,081	0

		Non-Life business		Life business	
		Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance) premiums written in the last 12 months	Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance) premiums written in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	5,325	2,752	0	0
Income protection insurance and proportional reinsurance	R0030	34,831	31,461	0	0
Workers' compensation insurance and proportional reinsurance	R0040	74,530	316,141	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	388,131	334,255	0	0
Other motor insurance and proportional reinsurance	R0060	85,615	229,691	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	3,652	12,313	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	92,091	202,645	0	0
General liability insurance and proportional reinsurance	R0090	74,991	44,676	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	502	74	0	0
Legal expenses insurance and proportional reinsurance	R0110	3,570	1,863	0	0
Assistance insurance and proportional reinsurance	R0120	22,676	11,492	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	9,380	21,526	0	0
Non-proportional health reinsurance	R0140	0	0	0	0
Non-proportional casualty reinsurance	R0150	0	0	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0	0	0
Non-proportional property reinsurance	R0170	0	0	0	0

		Non-Life business	Life business
		MCR(L,NL) Result	MCR (L,L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	36,880	176,626

S.28.02.01
Minimum Capital Requirement — Both life and non-life business

		Non-Life business		Life business	
		Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit sharing — guaranteed benefits	R0210	0		1,236,351	
Obligations with profit sharing — future discretionary benefits	R0220	0		4,330	
Index-linked and unit-linked insurance obligations	R0230	0		2,799,763	
Other life (re)insurance and health (re)insurance obligations	R0240	1,012,036		4,356,049	
Total capital at risk for all life (re)insurance obligations	R0250		22,325,202		28,615,093

Overall MCR calculation

		C0130
Linear MCR	R0300	390,588
SCR	R0310	1,492,206
MCR cap	R0320	671,493
MCR floor	R0330	373,051
Combined MCR	R0340	390,588
Absolute MCR floor	R0350	7,400
		C0130
MINIMUM CAPITAL REQUIREMENT (MCR)	R0400	390,588

Notional non-life and life MCR calculation

		Non-Life business	Life business
		C0140	C0150
Notional linear MCR	R0500	213,962	176,626
Notional MCR excluding add-on (annual or latest calculation)	R0510	817,423	674,783
Notional MCR cap	R0520	367,840	303,653
Notional MCR floor	R0530	204,356	168,696
Notional combined MCR	R0540	213,962	176,626
Notional absolute MCR floor	R0550	3,700	3,700
Notional MCR	R0560	213,962	176,626

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